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WASHINGTON D. C.

# SOCIAL WEALTH:

THE

SOLE FACTORS AND EXACT RATIOS IN ITS  
ACQUIREMENT AND APPORTIONMENT.

BY

J. K. INGALLS.  
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In proceeding toward any given point, there is always one line which is shortest—THE STRAIGHT; so, in the conduct of Human Affairs, there is always one course which is best—THE JUST.

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## PREFACE.

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THE purpose for which these pages are offered to the public is simply to direct inquiry to questions intimately related to all human life and employment, so that no useful member of society need remain indifferent to them. We are living under a system of capitalistic aggrandizement, or commercial monarchism, which has no parallel in the history of the race. Our teachers in Economics do not disavow, if they do not expressly put forth, the claim that this impoverishment of the many to enrich the few is in accordance with the orderly evolution of society, and in harmony with the natural laws of trade.

Our political savants offer us nothing but what is most delusive and contradictory, while servilely bowing to the demands of a dominant plutocracy. On the other hand, we have importations of the thought of European Radicals, Communists, Nihilists, with suggestions of revolution, and of measures of reform ranging from Anarchism on the one hand, to the entire control of all social industry by the state on the other.

In this conflict of thought and nescience, it has seemed to me there must be some Natural Relation between the worker and the soil from which all must subsist; that there is a principle of law which will

give an equitable share of the products of industry to each who shares the labor, and a just principle of agreement and consent in regard to such production and division.

I am persuaded there is also a development of these laws subject to "arrest," to "retardation and acceleration," and that to discover and record their growth, is the only true province of the Legislator, not the manufacture of statutory enactments. My aim has been to direct the attention of all, rich or poor, learned or unlearned, to this line of thought. If in any degree I have succeeded, my labor will not have been in vain.

There are doubtless great social wrongs to be righted, great injustices to be corrected; but when with reasoning minds we read the great lessons of history, we discover that Science, or exact and systemized knowledge, has been the great means of progress in every field and in every age, and are assured that through intelligent industry Nature has provided for the satisfaction of all rational human wants. Industrial Freedom, and that only, can change the conditions which afflict the toiling poor, or give to justly acquired competence its required security and conservation.

GLENORA, N. Y., *July 21, 1885.*

# SOCIAL WEALTH.

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## CHAPTER I.

### INTRODUCTORY.

No SYSTEMATIC attempt has ever been made to reduce to a science the phenomena which are presented in social industry and the allotment of social wealth, which embodies the normal relations of the active agent, man, to nature and to the opportunities and potencies which the earth yields to his control. Only fragmentary parts of any history of industry are known to us, and nothing but the general features of its early development can now be ascertained. Society itself is but an outgrowth of an industry which has really determined the character of social progress from stage to stage. The subjection of labor has meant, in every period, the debasement and destruction of the people. Through outrage and fraud industrial growth has been checked, and its power to elevate mankind thwarted and destroyed. The grossest ignorance and narrowest private self-seeking have alone sought to escape work and its duties, and the most brutal ambition was required to degrade and enslave it.

Busied with the records of glorified conquest, the pomp of kings, and the displays of martial triumphs, the general historian has had but little to say of that

industrial life of the people which has sustained while it has had to suffer all the calamities of war. From the glimpses he has afforded us, however, we see clearly the subjected and enslaved condition which it has ever occupied; a condition attempted to be justified by the casuistry of each apologist for tyranny, and even by political economists—that men will not work unless compelled to (by the lash or fear of starvation); thus making the unworthy desire for the product of another's labor the excuse for enslaving him, and the degradation resulting therefrom the justification for its own perpetuation. Through every form of barbarism, feudalism, and civilism, industry has been mostly enslaved—much of the time in a gross material form; always through force, fraud, and fictions of law and positive class-legislation. The savage, who at the same time sought excitement and sustenance in the chase, with feeble mentality left those inclined to work at liberty to perfect some product, since, whenever through lust or envy he desired, he could capture and appropriate it by taking the life of the producer. Under barbarism, compulsory servitude became well-nigh universal, and remains now, as ever, the distinguishing trait of that stage of development. Here industry begins to assume some form of organization, and is directed with some order and system. Functions and powers were absorbed, and dominion assumed by the strong and cunning, and various castes were established to perpetuate the independence of a few and the subjugation of the industrious many. Under civilism, industry, as it became freed from the peculiar institution of slavery, evinces a greater tendency

to organization, and under a system of bets or bribes, commonly called wages, effects "division of labor," and a power of production unknown to the earlier forms. But without any intelligent or equitable system of division of products, its results are scarcely, if at all, more beneficent, often resulting in what political economists call *over-production*, as well as in the production of things which are non-wealth, or destructive to social well-being. The earlier and barbaric forms of slavery extend to our own time, and up to a quite recent date have existed in the most advanced nations. Slavery, the slave trade, and privateering, or warfare for plunder, were known as late as our fathers' time, and were the foundation of most of the large fortunes which are more than a half-century old.

Civilism, thus far, has hardly done more than to refine and render more subtle the subjection of labor to lordly will. From conquests with bludgeons, swords and spears, as in the earlier ages, it has inaugurated a war of cunning and fraud, whose weapons are technical terms, shrewd devices, class legislation, and forms of law recognizing no rights as supreme but those of property and "the law of the market." But an era of science has at length dawned, and industry stands revealed, though not yet popularly acknowledged, as the prime agent of all growth, and of every element in social refinement and progress. And in the absence of any system of economics which even recognizes the relations between human work and the complementary material agents, there arises a demand for an analysis of the elements of industry, which science shows to be the basis of all social

economy and ethics. Careful investigation into all the motives to human action, the relation of man to the earth, the principle of conservation, by which accumulation is determined, as well as division, must have a place. There is required in this scientific age a systematic and thorough adjustment of the subject of industrial evolution. We have social, political, and ethical systems as perfect as they can be, while our disintegrated and wholly empirical system of industry remains. We have no comprehensive, nor indeed comprehensible, explanation of the industrial phenomena by which the conscientious man can even guess when he has done his duty, or the moralist determine the simplest question thereunder. As little can the politician or civilian, however inclined, honestly decide whether certain measures will result in more good than evil, more happiness than misery, to mankind; for the simple reason that religion, morality, and civilization are not the sources of human progress, but are the blossoms and fruitage of the social growth-itself, which has its root in human industry.\*

The industrial problem is therefore the fundamental one. That the wealth of society is most unequally distributed is a fact so patent and universally admitted that it is only necessary to call attention to it. That the work which creates it is rewarded in no just proportion, but rather by an inverse ratio to its importance and utility, as well as to its severity and repulsiveness, is equally undenied and undeni-

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\* "Where industry is wanting, there can neither be honesty toward men nor true worship of the Infinite Worker."—J. H. HUNT.

able. The most arduous labor under our mixed economics\* is usually the poorest paid, while often the light and trivial, and even the hurtful, is frequently rewarded with a fabulous income.†

The only qualification ever associated with the universal admission of these statements is, that all have equal opportunity, and that since some work up from poverty to wealth, and take the great prizes in the business lottery or race, all can do so, and if any fail, it is their own fault! Economists do not attempt to deny the inequalities of present division. They merely explain in a superficial way how the inequality comes about, without reference to the fundamental cause, or even suggesting any change in the system which produces it, unless it be to apply a little more of the same thing—special legislation and class rule.

But even the science of economics starts upon the

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\* While claiming to be “an exact physical science,” it treats “values” indiscriminately, whether increased or diminished by supply and demand, or by the interference of unreasoning executive or legislative *will*; by scarcity of a season, or the cornering of a market, or by any speculative conspiracy; by the natural laws of trade, or by the subjecting to the rule of the market “by act of parliament” and “force of arms,” things foreign to its sway; and whether relating to the commodities which may be increased indefinitely, or to the buyer and seller, the *men* themselves, or to the land, of which no increased supply is possible.

† “It is *inequality* in the wages of those who do the work of the world which calls for the attention both of students and statesmen, and inequality in what the wages will buy.”—EDWARD ATKINSON.

By the latter he means that the man who gets the lowest wages pays the highest, the *retail price*, for what he buys. Attention is called for, also, to the disproportionate wages of those who do *none* of “the work of the world.”

ground that the real laws of trade tend constantly to equilibrium, or to a mean ratio, *i. e.*, to the elimination of profit and the exchanging of commodities at cost of production. "*Free competition*," it is claimed, can alone secure, and will constantly tend to secure, equitable exchanges. Why, then, should indispensable labor more and more be compelled to exchange itself for what itself has created, at a greater and greater disadvantage? This is a question it makes no effort to explain, and, so far as the prominent writers are concerned, seems to be deemed unworthy of attention. Of course no process of exchanging equivalents could have produced the disparities we notice. No fair trade could have placed the values which each of two parties contributed wholly in the hands of one. No answer is furnished by the current commonplace, that it is accounted for by the superior industry and frugality of the one, and the idleness, extravagance, and dissipation of the other, for the successful are not more industrious, as a class, than the unfortunate poor, and by far are more given to extravagance and dissipation. But *there is no equality of opportunity under existing laws and customs*. In the race for wealth, which the economist seems as unable to define as to guide, the toiler is most heavily handicapped in the very start. It is quite true that one in a thousand or so, who has unusual strength or cunning, distances his competitors and gets to take place with those more favored; the disadvantages lessening as he works to the front. But why should the weak be handicapped, while the strong carry no extra weight, but are helped on? The only reply vouchsafed is that "it has always

been so, and always will be." That men are found willing to do the most repulsive work, and even that which is deleterious to health and tends greatly to shorten human life, for wages less than that which is paid a superfluous clerk for services of trifling utility, proves that *free* competition has little or nothing to do with the adjustment of labor to place in the working world, and that *forced* competitorship is only fully realized at the very bottom of the industrial scale.

It is overlooked that a large proportion of the exchanges which take place in the world are in nowise affected by the *rule of the market*, that each one shall get the most he can for what he parts with, while giving the least possible for what he requires. Indeed but a small proportion of the transfers in social life are subject to competitive offers at all; and besides, in those transfers which are so subject, one party must yield to the other in each transaction *all the profit* which is realized by the other; otherwise the exchange would be reciprocal, no matter what the nominal profit, and the benefit being mutual, no inequality could result. All services in the family, amounting to quite one-half of all labor, are *non-competitive*. In retail trade most prices will be found *customary* rather than competitive, and whenever combination exists among dealers for *reserved prices*, competition ceases to operate altogether.

Prof. Henry Dunning Macleod has written a book—"Elements of Economics"—mainly to prove that *value* is wholly caused by "demand and supply," and that labor is "but one of the accidents of value and of wealth." From the standpoint of the trader this

is very true, but from no other. It is by no means my intention to enter upon a fruitless discussion here of the origin of value, or of its true definitions, for the word has a score or more.\* He suggests that a man might find a diamond worth a million dollars some lucky day, with very little labor; though he must have known that the amount of labor, or product of labor, which some one is willing to give for it after it is found is what alone makes it valuable; and that if responsible parties would undertake to produce diamonds of equal intrinsic merit for the price of a day's labor, this diamond would bring no more. It is not the day's labor of the lucky finder which determines the price of this particular gem, but the unsuccessful thousands of days' search which are required before another like it can be found. To show that irregularity of demand and supply are the immediate and inciting cause of the *fluctuation* in prices proves little, since the supply which furnishes the market, and the means which alone make the demand effective, are both supplied by labor; and a certain ratio would exist between

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\* Value, as defined by economists, is the ratio between two or more exchangeable commodities, and is generally limited to cost of production, or vibrates to either side by fluctuation of market. The specific value of a particular thing at a particular time and place is approximately the cost of reproducing or replacing it in the market, rather than the actual cost of that identical article, which might have been exceptionally great or small. I pointed out to Mr. Josiah Warren, nearly forty years ago, that *profits*, *rent*, and *interest* entered into "cost of production," and that while they have a warranty for being in our laws and customs, the enunciation of his formula "cost the limit of price," could have no practical effect except to direct attention to these strongly entrenched wrongs.

the two things exchanged corresponding to the amount of labor required to reproduce them if sold at a customary price to which there was no fluctuation. So that if "supply and demand" are the "sole cause of value," labor is the sole source both of the *supply* and of the means which makes the *demand* effective, or even possible.

The triumph which Macleod claims over Adam Smith is not over his apothegm that "labor was the original price paid for all things," but over Smith's omission to show how it occurred, if his premises were true, that all social wealth came into the possession of those who do no labor. It is easy to see how this became so under a system of chattel slavery, because the laborers were owned by the capitalists, and all that was produced over and above the cost of the slaves' maintenance went to the slavelord by the custom and statutes of the times. Labor, which in this respect scarcely differed from the services of horses and oxen, in its economic aspect, was still the essential thing in all production and in all exchanges. Mr. Macleod is careful to point out that production "means placing any commodity in the market" at the time and place where the demand exists.

The spirit of trade, or "law of the market," does not look further than this, and even contests the right of the true owner to reclaim goods when they have been once sold in open market by parties who had no title to them. But nothing can be more certain than that commodities cannot be produced in market unless they have been transported and stored by labor, nor unless such other labor has been applied to them as will render them desirable and

fitted for consumption. While fully admitting that under our system of land-tenure and of commercial custom the distinctions he makes are logical if not profound, it is difficult to see the sequence of his deductions, or how they in any way affect the general proposition that "work is the parent of wealth;" for although "incorporeal wealth," the "debts *created* by bankers with which to buy money and other debts," and the formation of knowledge, which he deems "*the creation of wealth out of nothing,*" may be exchangeable and have price, it is only because that in the last analysis they can command labor, as a title to a slave, or of a superior cunning which can obtain labor without reward, carries with it the price of so much labor as it commands. He has elaborated his thought that wealth is constituted of a great number of things which have no connection with labor, "and that no change of labor or cost of production has any influence on value, *unless they produce a change in the relation of supply and demand.*" The italics are mine. Now, since this is precisely what labor *always does*; that "intensity of demand," when effective, is wholly due to *over*-production of the thing or things offered in purchase of commodities; and since the limitation of supply is caused by the *under*-production of that which is desired, he has established his "compound ratio," but which, however important to a technical understanding of the fluctuations of prices, has no bearing whatever upon the more fundamental question as to the natural sequence of work and wealth.

This author is equally exact and equally superficial in his statement that "wealth consists exclusively of

exchangeable rights ;” drawing no distinction between *natural rights* and *legal rights*, nor between *individual* and *social* wealth. He says, “Property is not a thing, but a right; it includes all kinds of rights which can be exercised over anything, and is equivalent to absolute ownership.” It is hence legitimate to infer that he recognizes no rights but those of property ; and since he says, in the same connection (see book ii., §61) that “jurisprudence is the science of rights,” we are justified in concluding that neither in economics nor jurisprudence is there any place for the rights of man, or equities other than those connected with the control of property. Now, his main assumptions throughout can have no logical basis except upon the theory that *all* legislation and *all* governmental interference, as well as all customs, in whatever country, clime, or period, are *scientific exponents of rights*.

The former slave-holding oligarchy asserted that “that was property or rights which the law made so.” But that these “elements of economics” work with the same facility with chattel slavery, and under every form of despotism, shows its value (not market) as a factor in political and social science. But we must not forget that this “science of dicker,” as an able exponent once denominated it in my hearing, is only applicable to the “trade” side of commerce—that which is effected by competitive processes. As we have already seen, however, only a certain portion of exchanges are effected by that. For where combination exists, as in the family or community, or among trade guilds, syndicates, or corporations, it does not operate. The highest salaried offices are

often awarded as favors, and among most institutions sinecures are abundant. Opportunity and place are accorded out of friendship, family relation, personal influence, etc., so that competition is the exception rather than the rule in nearly all human affairs, except in the employment of the most dependent and depressed labor, and in the practice of rack-rent. Even in trade a friend will give a friend the advantage over a stranger, and a dealer in stocks, or a gambler in securities or produce, will often give a personal favorite "points" that will enable him to evade the law of the market. There are "deadheads" in every train, in every conveyance, or place of social gathering. Its operation, even where most complete, among unskilled laborers, is by no means universal, and by no honest employment of language can be called *free* competition, as applied to them, since in selling his labor, the laborer, as we shall see hereafter, is compelled to sell that which, on its passive side, is in the possession already of the party or class to whom he sells.

As explained by Macleod, and even by Adam Smith, Ricardo, Mill, etc., economics embraces but a section or branch of social economy. It is as if a naturalist should treat of a tree, but make a thorough study of but a single branch or limb. This would give us a very good idea of the branch, but would not necessarily give us any knowledge of the character of the trunk, or of the root, or of their relation to the soil, from whose resources the branches had been grown and sustained through the root and trunk. It would be difficult to proceed without some reference to these, however, and so the economists of the earlier

school admit, in a general way, that labor produces all wealth, but omit to follow the thought to its legitimate conclusion, and suggest a number of ways in which values arise and wealth accumulates, in which labor is but an unimportant factor, if indeed a factor at all.

It is upon the law of supply and demand that the whole science is now pivoted. This law, doubtless, would operate as contended, provided the conditions existed and were all which existed or effected exchange of services, commodities, or wealth. But the truth is that directly opposite conditions always exist, and that the assumed conditions could not possibly exist, except under circumstances which, it may be said, never or very rarely occur. As Mr. Thornton has elaborately shown, in his work on "Labor," the only circumstance under which supply and demand could have the claimed operation would be where all merchantable commodities were offered daily for what they would bring at public vendue, and *where there was no reserve price*. He has shown, moreover, that the great proportion of nearly every form of wealth *is always held in reserve*, only the most perishable products being freely offered, and they are very often thrown into the river to remove a glut, but that labor itself is sold under wholly different conditions ; that for the laborer the law of supply and demand has a significance which it has and can have for no other dealer, inasmuch as while the ordinary dealer who may not be able to sell his stock to-day will be able to sell it to-morrow, often for more than he would have been willing to

sell it for to-day, the laborer must sell his labor to-day, or it is wholly lost.\*

From a different premise, but by a similar course of reasoning, Karl Marx arrived at a similar conclusion. He showed that, lacking opportunity, land, or

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\* Not only does this assumed law of supply and demand utterly fail in its salutary effect upon labor denied the use of the land while exerting to the full the baneful effects of a forced competition in its operation, but upon land treated as property or capital it has an opposite effect. Increased demand not only, as with commodities, begets a temporary rise of price, but a continuous rise. Demand does not, as with commodities, beget an increased, or any supply whatever. Thus, while prices of commodities fluctuate and recede as much or more than they have appreciated, through a brisk demand which stimulates production, the price of land goes constantly upward with increased demand, no production being possible or conceivable, except in regard to lands transferred from a general to a specific use.

Of all commodities which can be held at a reserve price, land is the chief. It may be said it is always held so, the exceptions are so few. The reason is obvious. The land yields natural productions, and while labor is excluded from possession, it will gladly purchase the privilege of gathering these products, or of applying itself to the cultivation of more desirable products. The land is a more safe investment, and may be held "for a rise" with less risk than any commodity. It does not, like other commodities, deteriorate in quality or shrink in quantity. As a general thing, land is held everywhere for a rise. Where too much is attempted to be carried, it is true, parties may have to unload, and when mortgages are being foreclosed, or in business crises, there may be a break in value, but it will only last while the lands are passing into hands able to carry them. There is a considerable class of persons who often buy but never sell real estate. In every city, town, and village they are found, and indeed in all the country as well. Political economists insist on treating both land and labor as both capital and as commodities, yet the one, as we have seen, is mainly beyond the law of supply and demand, and the other is subject not to a free but a forced competition. Could a more valueless science be invoked to solve any industrial problem?

capital to exert his force upon, the laborer could not compete, because his labor could not be freely applied, and that the competition to which he is subjected with others situated unfavorably as himself is not a *free* but a *forced* competition.

This is also quite true, but the exact position is this: Labor, although the active factor in production, without land and opportunity, is abstract only, and as such *can neither be bought nor sold*. In working for an employer, it is not the labor which the worker sells, but the thing in which the labor has become concreted by its application to the land or to something grown or taken from the land. Bastiat is right in saying "services only are exchanged." In the abstract this is true, but the services which have no tangible or visible vehicle fail of any material appreciation. And, however nearly abstract any service may be, place and opportunity, and the presence of a party needing and willing to pay for such service, are necessary factors in the exchange.

Now, *private property in land* not required by the owner for his use excludes labor from place and opportunity. There is no aim or logic for its existence, indeed, but to effect this very purpose. *Its commercial value depends wholly on its power to prevent work.* It could not otherwise create a forced competition between laborers. Certainly supply and demand can have no legitimate operation between two parties, one of which has full dominion over the land and the opportunity which both must improve. The one has his labor in such relation to external nature as that it can readily be wrapped up in everything desired; the other has no place to bestow it,

and it must lie sterile. *His labor, until applied, has no purchasing power.* It is as impossible for these two to compete as to exchange, for the thing to be acted upon and turned into a commodity is in the hands of the owner of the land and the opportunity, not of the worker.

But suppose the landless man should hire or buy land of a third party and pay rent or interest to the amount say of one-half of what he could produce, how then could he compete with the other, who has no rent or interest to pay? It will doubtless be answered that this rent or interest is what the owner of the land or money would obtain if he did no work at all, but merely let to others, and that consequently, as to the work he actually does, he stands on an equal ground with the other. This is, logically, much the same as the basis of Ricardo's theory of rent. How inadequate it is to the solution of any problem of industrial production seems not to have troubled the minds of any of the economists.

It is true that the balance over that which the land-holder might have obtained as rent without labor determines the amount which, commercially, his labor realizes him; but the utter fallacy of this assumption is seen the moment we reflect that when the laborer can get no employment, or opportunity to work whatever, and starves, the man who has access to the soil can live in comfort, although he gets no more with his persistent labor than if he had rented his land and taken the rent it yielded. According to this theory, reduced to a naked absurdity in this instance, he would have obtained nothing for his work; it would have been unproductive. Such

induction from such premises, it seems to me, can have little interest except for those who are seeking justification for existing inequalities. Why the one should be protected by law in the ownership of thousands of acres, while the other is denied access to any, has no answer, economically, but that it is the law of trade! The inability of political economy to grasp the problem of social industry and division of products now fully appears.

It is assumed then that existing conditions and inequalities obtain from the operation of the laws of trade. Nothing could be further from the fact. They are the results of barbaric custom, of class domination and legislation, and are upheld by no natural law of trade or natural law of any kind yet discovered; and the wrongs of which the landless laborer so justly complains are wrongs inflicted and sustained by statutes regarding the tenure of land which have no basis in reason, and will be found to be as destitute of any foundation in the science of law as they are of any justification in the science of morals. It is worthy of note that Ricardo bases his theory of rent, and Malthus his theory of over-population, upon the same general ground, and under the shadow of a land monopoly, which keeps one-half of the soil of the British Isles uncultivated, assumes that the whole movement of society, trade, and population, in condition as in numbers, is under the reign of natural law. Now, science can take no cognizance of statute law unless it be by comparing it with, and condemning it where it differs from, natural law. Yet our pseudo-economists treat all phenomena,

under whatever arbitrary enactment or despotic administration, as of the same scientific value.

It has, therefore, been my aim to trace historically the processes by which these inequalities have arisen, been perpetuated, and are at present sustained and made to appear rational. Science makes no claim to dominate and govern society, but it is under obligation to define and classify phenomena of all kinds. It may not prescribe laws for the possession of the land, *but it is bound to show what the natural relation is between MAN and the SOIL*, the prime elements in social industry and social progress.

In the development of industrial production, which is older than any written history, there have been three great epochs, interlapping each other in time, place, and circumstance, but still sufficiently distinct from each other to admit of general analysis and classification. Not to speak of the cruder form of production in which the individual or primitive family engaged, or was directly interested, we begin with the communistic form, when the family extended to the tribe. This is undoubtedly the earliest form which has any social or historic significance. In its proper place we shall see that this was the fundamental form by which occupancy of the land was regulated and determined. Under such form of necessity the production must have been communal, and was shared, more or less equitably, according to the degree of progress the tribe had made in intelligence and social advancement. Such progress, however, was subject to great diversity of checks, and in many cases violently turned backward by tribal wars and conquests of warlike chieftains. And where the

longest peaceful periods were enjoyed, there was the liability of an arrest of the natural development of social law through the attachment to custom and tradition which shows itself so often in primitive communities and among subject races. As the boundaries of tribes extended they came in contact with other tribes, upon whom they made war or who made war upon them. Mutual destruction and the possession of the domain and goods was doubtless the purpose of these conflicts. The more warlike destroyed the weaker or less warlike, and appropriated their wealth, as formerly our farmers destroyed the bees to obtain their accumulated honey; but, like them, the warlike tribes soon learned a better way. We have seen, now, what we may class as the primitive form, both of "*production and division by usurpation.*" Under this most discouraging state of affairs, however, production still went on, evincing the aptitude of mankind even in a savage or semi-savage state, for productive industry, notwithstanding the word of our teachers of economics and apologists for existing usurpations; that unless the capitalist and landlord be assured of the lion's share in distribution they would not co-operate, and industry must cease.

This form was superseded by another form, in which the lives of the conquered were saved, upon the condition that they would become the bond-slaves of the victors—they, and their children, and their children's children. This form may be termed *chattelism*. Under it production and division were quite simplistic problems. Its effect upon the increase of wealth was, no doubt, considerable in com-

parison with the barbarity which it superseded, and which killed the worker to obtain possession of his product. It was in some respects more considerate to the vanquished, and much more convenient for the predatory class; but it was less favorable to production than might have been expected, for the worker before had the normal incentive to industry, the prospective possession of its fruit, and till the last the hope that he might escape the threatened doom. But as a productive worker, the slave soon sank to the lowest level known to industrial activity —so low that the lash became the resort to stimulate his flagging purpose. To this enslavement and usurpation there was this justification, and this only. The victor could plead that he had saved the life of the vanquished, which was forfeited by the laws of barbaric war, and in consideration of which the victim gave his long-life service and also that of his posterity.

This vestige of primitive “contract” appears as late even as the forming of our own Constitution, which contains the phrase “persons held to service,” and under which slavery was perpetuated in our republic for nearly a century, and would doubtless have been in existence to-day but for the rebellion of the slave-power itself against the government which had so long shielded the system from the progress of modern thought and the logic of events. This is a circumstance which we should not fail to emphasize in our estimation of the forces which must inevitably disrupt or destroy our present system of capitalism unless the existing usurpations are

allowed to control wholly our government and laws, or are in time wisely and peacefully abolished.

To the slave system of production succeeded the feudal system. Successful chieftains had increased the extent of their sway by conquest, and kingdoms and empires were formed. The influence of the primitive community became weakened and modified. Slavery became unwieldy, and the operation of Roman civilization became checked and hastened to dissolution, through its profligate prostitution of the civil law and of public trusts, to promote private advancement and personal dominion. With the absorption of the lands by a class, it became an empire of slaves, citizenship retained no meaning, and only a debauched aristocracy remained.

Under feudalism the slave became a serf, and was bound to the land and the landlord to him. He was recognized as entitled to protection under the law of the realm, and under the doctrine of the divine right of kings vassalage and villenage became the condition of nearly all those who followed industrial pursuits. This was the feudal system of production. Under this form certain kinds of industry flourished; but other than a rude agriculture, they were those relating to war, or to the requirements of the church. This system gradually and silently disappeared with not so much as a notice from any historian till the time of Macaulay. To it succeeded the "competitive system," as we may call it for the want of a better name. Fourier denominates it industrial or commercial feudalism. Karl Marx calls it "capitalistic production." It is unimportant what we call it, if we analyze the thing itself and properly classify it.

As the feudal system retained many of the elements of slavery, modified by the traditions, customs, and practices of the primitive communities, so capitalism retained the essential usurpations of feudalism, though professing to guard personal freedom, and to observe equity between the owner and the occupier of the land, the employer and the employed. Like slavery and serfdom, however, it relies wholly upon the "law of contract." This law we shall be under the necessity of analyzing, after we have inquired into the principle of law which underlies the apportionment, occupancy, and use of the land. It is well here to call attention merely to the significant fact, that although slaves were held under contract they were incapacitated from making any contract whatever, not even marriage; and that the serf was virtually in the same condition, being allowed to marry only within certain limitations and with the sanction of his feudal lord. We shall see, by and by, that a slave, serf, nor even the landless wage-worker, has any status which can enable him to make any contract which will be binding with respect to the division of the products of an industry in which he is mutually engaged with others.

Though we have spoken of the several systems of industrial production, as they were dominated by the simple law of the strongest—as under slavery, as under hereditary rule in feudalism, and in our present system of capitalism, or rule of the market—there is and has been, in reality, but one principle about production under all of them—that of the employment of human labor upon the soil, and the spontaneous offerings of nature. And in the creation of all

social wealth this has been co-operative. It is the *method of division* which has varied, but varied less than appears upon an ordinary presentation of the subject. For the proportion which goes to the worker has a remarkable similarity under these, to appearance, widely different systems. Nearly the same, and only the same, proportion goes to the wage-worker now as went formerly to the serf or to the slave. We have no reliable data, it is true, as to what portion of the slave's production was usually required for his support, but we have the authority of Hallam that the laborer of his generation was "much inferior in ability to support a family to his ancestors three or four centuries ago" (Middle Ages, p. 500). And he quotes Sir John Cullum as saying: "In the fourteenth century a harvest man had 4d. a day, which enabled him in a week to buy a comb of wheat; but to buy a comb of wheat now (1784) a man must work ten or twelve days." He further says: "So under Henry VII., if meat was a farthing and a half, which I suppose was about the truth, a laborer earning 3d. a day, or 18d. in the week, could buy a bushel of wheat at 9d., and 24 lbs. of meat for his family. A laborer at present (1817) earning 12s. a week can only buy a half bushel of wheat at 10s., and 12 lbs. of meat at 7d." He points out that in consequence of the improvements in manufactures certain commodities had become proportionally cheaper, but on the whole concludes as above quoted.

But while it is true that great progress has been made in improvements in machinery, in the processes of various industries, and the production of wealth, it is also too true that poverty has extended its

borders in equal, if not increased, ratio. It may be said that "the craftsman now lodges and fares better than the feudal lord ten centuries ago, or the barbaric king of an earlier period;" yet still the proportion he shares of what his labor creates is less than that which the Saxon Gurth enjoyed; and what is worse, is denied at times the opportunity to work at all. The wealth which the lord of land or of capital now acquires from the productions of labor is proportionately greater than that which success ever gave to the military chieftain, to the slave-holder, or to the feudal baron. That political economy, as defined by the latest school, applies equally well to each of these systems of production and division should show us how inadequate it is to even treat, much less to solve, the industrial problems which are now pressing for elucidation.

One of the first, if not the very first, of economists who were prominent in the public life of our nation fifty years ago—John C. Calhoun—was a slave-holder who religiously believed slavery to be not only right, but the only safe relation between "capital and labor." He foresaw, and correctly foretold, that the abolition of slavery would lead directly to the conflict between labor and capital which now confronts us.\* We must look to a broader sphere of thought than

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\* In 1835, under his teachings, the Charleston Baptist Association, in its report, said it "did not consider that the holy scriptures had made the fact of slavery a question of morals at all. The question is one purely of political economy, viz.: Whether the operatives of a country shall be bought and sold, and themselves become property as in South Carolina, or whether they shall be hirelings, and their labor only become property."

that of political economy, which is constantly narrowing, before we shall find any satisfactory reason or explanation for the gigantic accumulations of wealth in the few hands, and the growing pauperism among the people wherever the tenure of land and the law of the market coincide to multiply accumulations of wealth by a "duplicate geometrical ratio," while labor can only increase production by "equal differences."

That the tendencies which conspire to create the inequalities of condition, and utter subjection of labor to the power of capital, are traceable ultimately to private property in land, as at present interpreted by law and custom, there can now remain no rational doubt. Mr. George, in his "Progress and Poverty," has shown it in his masterful way, though he does not see that it is now a tool of capitalism merely. His work has become so widely known, and so generally read, that I may be saved the necessity of making any argument upon that head. Mr. Wallace and Mr. Clark have also directed attention to the same question, in a manner to leave the matter in no doubt, and I will not take the labor of proving at length what is so generally acknowledged to be true.

To the perhaps less obvious truths respecting the modes of obtaining wealth without service, the nature of the productive factors, and the ratios involved in procuring and apportioning social wealth, we need to apply the most careful attention and bring the utmost candor. For upon these qualities of mind everything in the investigation of social questions depends.

## CHAPTER II.

### ECONOMIC SCHOOLS: A BRIEF REVIEW OF THEIR ORIGIN AND GROWTH.

As a science, or branch of science, political economy is little more than a century old. The term is said to have been first used by Quesnay, a French philosopher, who published a volume in 1758, no copies of which, however, are now extant. Previous to that a doctrine known as "the balance of trade" had obtained among the savants of Europe, and exerted a wide and powerful influence over the government and fortunes of nations for nearly two hundred years. Spain and Poland especially favored it, and by cruel laws and frequent wars sought to retain within their dominions the money of commerce—the precious metals. More than one-fourth of the whole time is said to have been spent in destructive wars, which are noticed in superficial history as dynastic and religious wars, but which were in the supposed interest of that control of commerce which would bring the money from many countries into one.

The doctrine was briefly that "such commerce only was valuable which brought money into a country," and that in exchange one side necessarily gained and the other lost. During its prevalence, however, Spain sunk from the first to a fourth or fifth rank among the nations, and Poland lost its national existence.

Quesnay was the first writer who combated this doctrine by anything like a systematic method. He laid it down as a maxim that "nations are interested in the prosperity, and not in the destruction, of their neighbors." A school of philosophers was immediately formed who adopted in the main his teachings, and, according to Macleod, "reflecting upon the intolerable misery they saw around them, struck out with the idea that there must be some great natural science, some principles of eternal truth founded in nature itself, with regard to the social relations of mankind, the violations of which were the causes of that hideous misery they saw in their native land. The name they gave this science was Natural Rights, and their object was to discover and lay down an abstract science of the rights of men in all their social relations . . . toward government, toward each other, and toward property" (*Elements of Economics*, p. 54).

To what extent the promulgation of their views operated to change the attitude of the French people toward their government would prove an interesting inquiry, but it is not proposed here. Freedom was their ruling maxim—freedom of person, of opinion, and of trade between individuals and nations. It seems that Turgot, who was for a time the controller-general of Louis XVI., and an eminent disciple of his school, would have been able to turn back the threatened revolution, if his king had enabled him to carry out his plans for reforming the civil and financial systems he found enthroned in France more securely than monarchy itself. He was allowed to hold his position only about a year and a half, when

he was abandoned by the king, who at the same time expressed the opinion that the only persons who sought the welfare of the people were Turgot and himself.

A writer of note says, in regard to this: "If the nobility and privileged classes had possessed enough of foresight and patriotism to submit to his plans of reforming France, she might have been spared the horrors and excesses of the revolution. But his projects for the public good were defeated by the confederacy formed against him by the nobles, the courtiers, farmers of the public revenue, and the financiers."

This first school of economists recognized that man's physical and social wants lead him to live in society of equals in a state of "peace and good will," and to recognize that others, with the same wants as himself, cannot have less rights than himself, and that he is therefore bound to respect those rights, so that he may have the same observed toward himself. They held that wealth was derived *wholly* from the produce of the land, and consisted of that which was in excess of the cost of production, or that which was consumed by the labor producing it. Labor employed in obtaining products from the land they considered the only productive labor, and held that the wages of all others were paid from this source. In exchange they held that neither side gains, and they excluded labor and credit from their definition of capital, although at the time chattel slavery was common among the nations. This school was established upon a half truth. They recognized the land as the basic element in economics, but failed to see

that only when joined to labor it was a factor in the production of wealth.

But there soon sprang up a second school of economists, holding, like the first school, to freedom of commerce, but denying that mechanic arts and trade do not contribute to enrich a nation. They contended, also, that there is a gain to both sides in commerce. Adam Smith, the leader of this second school, made labor the basis of all wealth, as the first school had made the land, and therefore complemented their main theory. This school took up the theory of *value*, and developed the general idea of supply and demand in its operation to promote or regulate the fluctuations and adjustments of prices. Adopting also their idea of wealth as arising from the mutual wants of people, and as consisting of the exchangeability of things, Smith laid it down as an axiom, that "the real price of everything—what every thing really costs to the man who wants to acquire it—is the toil and trouble of acquiring it. What everything is really worth to the man who has acquired it, and who wants to dispose of it, or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money or goods is purchased by labor as much as what we acquire by the toil of our own body, . . . and its value to those who possess it, and want to exchange it for some new production, is precisely equal to the quantity of labor which it can enable them to purchase or command."

But neither school clearly grasped the whole truth—that it is the *union of these two agents or factors*

*which produces all material goods.* The system, of which Smith gave the substantial rudiments, was widely departed from, in certain particulars, by Ricardo, Malthus, Mill, and others, without, however, in any way inquiring into the natural relation between the land and the occupier, or into any equitable system of *division* of the products of industry. If they did not assume that wages, rent, and profits were a just and equitable system of division, they ignored their obvious inequality and monstrous injustice; and if they did not assume that the unrestricted dominion of the land as established by civil law, was true and in accordance with the natural relation, they virtually treated it as such, and were wholly silent as to any other theory of land ownership than the capitalistic or feudalistic.

From this remark must be excepted, however, the later Mill, Prof. J. E. Cairnes, and some later writers of less note. And the truth is that the strict trade economists found no practical method of evading longer this manifest tendency to the investigation of more fundamental questions; but by narrowing the scope of the science to the single matter of exchange. Professor Perry, our own countryman, Macleod of England, and M. Rouher of France, are representative men of this later school of economists. Macleod says: "This view has now become general among the most recent and advanced economists in Europe, who are too numerous to name—that pure economics is nothing but the science of exchanges."

It is useless now to object to this limitation of a science so broad in its inception, and which embraced isonomics, or law of equal privilege, as well as econ-

omy. But what is open to objection and severe reprehension is that when so limited it should treat *all phenomena in regard to property and trade as natural*, however determined by arbitrary domination, or by the operation of barbaric custom and unequal laws.

Because, if we follow the teachings of this later or third school, in accepting the theory that supply and demand is the cause of value (although really but an incident in the fluctuations of the market price) there arises all the greater necessity for dealing in an independent way with those things which the reformed science excludes, viz.: The work and the worker, and their relation to each other and to the earth, as well as to the system of division of the products of social industry. For these exist back of all trade, and of the "varying relation of economic quantities" to each other, which, according to this school, "defines and limits the inquiry." Surely if so narrow a specialty requires the appropriation of an entire science for its elucidation, the relation of the man to the elements upon which his life and labor depend, as well as the undisturbed enjoyment of the products of his activity, demands an inquiry and the forming of a science of social industry applicable in every social arrangement. And certainly it will not be permitted to a science of such special scope as economics has thus become, to determine and conclude any controversy beyond the sphere of trade, especially not to decide the claims of labor adversely by simply ignoring them, or by assuming them already determined by the crude institutions derived from a wholly unscientific and barbarous age. It is also plain, from what has been quoted from a "Pure

Economist," that the view of the originators of the science, the first school, was far more broad and humanitarian, and aimed at *nothing less* than "to discover and lay down an abstract science of the natural rights of men in all their social relations." Now, since "Economics" has abandoned that field altogether, and confined itself to the treatment of a single branch of the subject, the question of value, by what logic can it assume to prejudge those broader and weightier questions which itself has positively excluded?

I should notice in this connection the existence of a partially retrograde school of economists, which is mainly represented by the works of Henry C. Carey. It was in some respects a protest against the studied neglect, by the writers of the second school, of the industrial question and of the rights of labor. To a certain extent he rehabilitated the old doctrine of the "Balance of Trade," and with good reason in view of the abandonment of the whole industrial side of the equation by the other schools. Whether both parties to an exchange gained, or whether neither gained, or whether the one gained and the other lost, between nations or individuals, would depend mainly upon the equity of the exchange, rather than upon any relation of supply and demand. Not the "balance of trade," but the "balance of profits," would determine the ratio in which the one would succeed to affluence and the other be reduced to poverty, and to which abundance of supply and intensity of demand would give no solution or even intimation. Protection against such result was not only a just aim, but an imperious necessity to save industry from a con-

stant despoliation of which neither school so much as acknowledges the existence.

We can only deplore the wholly impotent remedies offered by Carey for the disease he so clearly understood. His elementary principles are greatly clouded by the delusive *mirage* which befogged his mind in regard to foreign trade, and the workings of a tariff upon the productions of other lands. The necessity of a more thorough and comprehensive system of investigation than any of these schools affords must be now apparent to the most careless reader.

## CHAPTER III.

### RISE AND GROWTH OF CAPITALISM.

THE progress of the human race is effected by the operation of two forces which correspond in most respects to what in physics are often called, for want of better terms, the centripetal and centrifugal forces. These are the forces of convergence and divergence, the one tending to concentration of powers and properties, and the other to their separateness or the independence of parts. Socialism and Individualism are to appearance conflicting, though in reality complementary, in their relations to the societary movement.

Capitalism has its rise in the early and erratic stage of these movements and grows out of the irregular action of these forces. By itself, Individualism seeks the private good to the neglect of society, and, uncomplemented, to its ultimate disruption. By itself, Socialism seeks the collective good, to the neglect and ultimate subjection of the individual. Between these two forces, and while their play is inharmonic, the capitalistic tendency becomes developed, employing the license of the individual to sequester the social wealth, and convert the social forces into means for the subjection of other individual workers. Under the usages and regulations of aggressive war it seizes the laborer and reduces him to the condition of a slave. By more gradual means it assumes do-

minion of the land by steady approaches. As it courts the individual and leans toward personal freedom, and, as it acquires exclusive control of the counter-element, the land, relaxes its hold of the person of the laborer. It now gathers to itself the social and civil powers, and, to make its dominion of the land absolute, lauds at the same time the personal freedom of the individual and the divine origin of the state. Thus unlimited freedom to extend and absorb earthly possessions, inviolability of contract, however formed or assumed, became the great watchwords and signs by which it conquered.

And thus it has played the social force against the individual, and again the individual right against the social claim, whenever the state has attempted to limit or regulate its rapacity. It now approaches the seat of civil power, in order to enlarge its privilege, and converts public trusts to private ends. In modern states it purchases the courts and legislatures, and where it cannot directly accomplish this purpose, pleads for protection and exemption from the law of competition which it prescribes for the worker. While obtaining high tariffs and princely subsidies, it takes occasion to warn the government that nothing is required to benefit the condition of labor, but to enable capital to give employment; that having freedom to choose his calling and power to have enforced his contracts, the laborer should be satisfied. In the testimony before the Senatorial Committee on Education and Labor, noted capitalists,\* in giving

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\* The testimony of John Roach and Jay Gould, as referred to above, particularly emphasized the necessity that government should favor and

their life experience intimated that all workers have the "chance" to become millionaires, and perhaps this would be true if subsidies and the winnings of gamblers could have universal application. But it is for private advantage and plunder of the public that subsidies are sought or gambling is inaugurated.

Capitalism continues true to its origin and name. It seeks to bring all things to or under one head and to monopolize the sources of production. In politics it is monarchy, not such as the effete institutions now support, but as it appears in an Alexander or a Napoleon. It employs all the military powers of the state and all civil and diplomatic trickery to reduce all men and all nations to its sway. It does not tolerate equality or the existence of equals. "The universe cannot retain two suns." No sooner have Octavius and Anthony put down the conspirators than they try issues with each other. This may be said to be the sum of military careers, the establishment of unlimited power in the hands of one. It is the same with capitalistic careers.

In trade the instruments and maxims only are changed. The spirit is the same, and the purpose to reduce the world to the payment of tribute is

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protect capital, but that labor, under our equal laws, had everything it could reasonably ask. The latter-named gentleman, in a previous examination before a legislative committee of the state of New York, in 1872, speaking of his action politically, had said: "I do not know how much I paid in helping friendly men. We had four states to look after and we had to suit our politics to circumstances. In a Democratic district I was a Democrat, in a Republican district I was a Republican, and in a doubtful district I was doubtful; but in every district, and at all times, I have always been an Erie man."

scarcely changed in form. Our millionaires, with less personal courage, have found a safer method of subjection and pursue it with as little scruple as did the ancient chieftains.

Trade, as we have it in bargain-making, is the direct successor of violence in warfare. To illustrate this I cannot do better than quote from Henry Sumner Maine :

“In order to understand what a market originally was you must try to picture to yourselves a territory occupied by village communities, self-acting and as yet autonomous, each cultivating its arable land in the middle of its waste, and each, I fear I must add, at perpetual war with its neighbor. But at several points, probably where the domains of two or three villages converged, there appear to have been spaces of what we should call neutral ground. These were the markets. They were probably the only places at which the members of the different groups met for any purpose except warfare, and the persons who first came to them were doubtless, at first, persons specially empowered to exchange the produce and manufactures of one little village community for those of another. Sir John Lubbock, in his recent volume on the ‘Origin of Civilization,’ has some interesting remarks on the very ancient association between Markets and Neutrality (p. 205); nor can I help observing that there is a historical connection of the utmost importance to the moderns between the two, since the *jus gentium* of the Roman praetor, which was in part originally a market law, is the undoubted parent of our international law. But, besides the notion of neutrality, another idea was

associated with markets. This was the idea of sharp practice and hard bargaining. The three ideas seem all blended in the attributes of the god Hermes, or Mercury—at once the god of boundaries, the prince of messengers or ambassadors, and the patron of trade, of cheating, and of thieves" (*Village Communities*, pp. 192, 193).

From the fact that in their domestic relations the primitive groups give feeble play to the principles of trade, he says: "Competition, that prodigious social force of which the action is measured by political economy, is of relatively modern origin. Just as the conceptions of human brotherhood and (in a less degree) of human equality appear to have passed beyond the limits of the primitive communities and to have spread themselves in a highly diluted form over the mass of mankind, so, on the other hand, competition in exchange seems to be the universal belligerency of the ancient world which has penetrated into the interior of the ancient groups of blood relatives. It is the regulated private war of ancient society gradually broken up into indistinguishable atoms. So far as property in land is concerned, unrestricted competition in purchase and exchange has a far more limited action even at this moment than an Englishman or American would suppose. The view of land as merchantable property, exchangeable like a horse or an ox, seems to be not only modern, but even now distinctively Western" (V. C., 227, 228).

Where the older forms of usurpation exist and the ruder despotism prevails there is less necessity for complete capitalistic control of the land, but with the dying out of those forms, and as they yield to

the progress of modern thought, privilege, with the instinct of self-preservation clutches at the dominion of the land, and through the reduction of that element to the status of a commodity and the competitive struggle for its possession, renews its waning strength and extends its endangered power. In the United States this principle is wholly unrestricted and its dicta are universally accepted in all business circles. In England an effort is being made to form into general law the rule of the market so as to do away with the obstacles to "free trade in the land." In continental Europe, with the exception of France, it has not yet taken on distinctive form, and is less and less defined as we approach the countries governed by absolute power and the traditions of earlier times.

To reduce land to the state of a commodity, so as to profit by its relation to production, and to force a competitive struggle for its use, the spirit of capitalism has contrived to win victory from defeat. And thus the market has brought the occupancy of the land under its rule, and developed what under no other rule could have been effected, a competitive rent, forced by the necessities of the cultivator to obtain the privilege which naturally is his.

"The right to take the highest obtainable rent for the land is, as a matter of fact and as a matter of morality, a right derived from a rule of the market. Both the explanation and the justification of the exercise of the right in England and Scotland is that in these countries there really is a market for land. Yet it is notorious that in England, at all events, land is not universally rack-rented. But where is it that

the theoretical right is not exercised? It is substantially true that where the manorial groups, substituted for the old village groups, survive, there are no rack-rents. What is sometimes called the feudal feeling has much in common with the old feeling of brotherhood which forbade hard bargains" (V. C., 199.)

That rack-rent and the taking advantage of the necessities of others to drive unequal bargains was transmitted from the early times, and originated in the common antipathy to strangers or outsiders, and so inconsistent with the fraternal feelings which obtained in more primitive communities, there remains no doubt. In the Ancient Laws of Ireland, as quoted by this author, "the three rents are rack-rent from a person of a strange tribe—a fair rent from one of the tribe—and the stipulated rent, which is paid equally by the tribe and the strange tribe." Competition rents could only arise by regarding the letting and hiring of land as a purchase or sale for a period of time, with the price spread over that period. He proceeds to add that "if the writer [of treatises on political economy] had always recollect that a competition rent is, after all, nothing but price payable by instalments, much unnecessarily mysterious language might have been spared, and some doubtful theories as to the origin of rent might have been avoided."

The motive in exacting a competitive price for rent, or any exchangeable thing, is the reverse of a fraternal or friendly impulse. It is always attempted to be justified by specious reasonings and baseless assumptions. It is antagonism, not mutualism. Be-

tween the advantage taken of another's necessities to drive a sharp bargain, there is only one step to an act which shall reduce that other to a dire necessity, in order to increase the advantage to be realized. This step is taken whenever, under the false assumption that land is a commodity, proprietorship of it is claimed either by direct usurpation, or under the pretense of purchase, to the exclusion of those who need to occupy it. It is this step which constitutes capitalism. Free competition, indifferently employed, may embrace, possibly, the obtaining a better price from another's distress. Capitalism is the systematic reduction of the many to want, that advantage may be taken of their needs.

But such result springs, as we have seen, from the erratic play of the primal forces. With the harmonic and complementary action of the individual and social aims, there could be no place for capitalism, and with the advent of mutual co-operation, and reciprocal exchange, and the disappearance of artificial capital, wealth would be more generally distributed and greatly increased. With the broadest liberty to the individual, society would exist to guard the equal rights of all, and thus secure its own stability and progress by promoting the well-being and normal development of each member.

## CHAPTER IV.

### UNEARNED INCREASE.

THE sources of unearned increase or income may properly be divided into three categories from the especial sources from which they are derived :

First. Profits—derived mainly in process of the exchange of commodities.

Second. Interest—derived from the loan of money, or of forms of capitalized wealth other than land.

Third. Rent—derived from the privilege to use the land, or to occupy dwellings and other improvements upon the land.

Profits arise mainly in the process of exchange. When two attempt to effect a transfer of two commodities with each other, there is quite sure to arise a question as to how much of one shall be exchanged for a certain amount of the other ; and exactness as to values, even if both were desirous of dealing fairly, would be difficult to determine. But their agreement is supposed to fix the ratio with some approach to equity. And the accidental advantage which either might attain is very likely to be reversed in the next transaction, and consequently could hardly be classed with profit. When, however, a third party enters into the transaction, and becomes a go-between for two or more parties with commodities to dispose of for other commodities, the matter of profit first pre-

sents itself in a distinct form. The merchant is the representative man of profits, as the banker is of interest and the landlord of rent.

Let us take it up and analyze it carefully. We will take a most simple instance, that no confusion may arise from the introduction of lateral questions.

A farmer raises potatoes and a shoemaker makes shoes. It is convenient for each to store them with the merchant of their village, who will be in a certain way the one to determine how many potatoes the farmer who wants the shoes shall give for them to the shoemaker who wants the potatoes. Even if money is used in each of the transactions, the operation is the same. Taking it for granted that, as between the farmer and shoemaker the exchange is a tolerably fair one, what rule determines the compensation of the merchant? The economist will answer that he has done to both a service, and the compensation is to be determined by competition, as is the price of the potatoes and of the shoes. And while all stand on an equal footing, there seems no objection to this determination. By this rule the farmer is paid for his labor in raising and bringing the product to market; the shoemaker, for his labor and material in the shoes, and the merchant for his service in the exchange. But under free competition he would not be likely to receive more for his services than each of them in proportion to the time employed, for certainly the work is not more laborious or repulsive than theirs. But even if he did, it would still be his *wages*, and not a profit—for that means something beyond the payment for services rendered. But would it be right that he be paid no

interest on his money employed in business, and on the rent of the premises he requires for business? But if he parts with a portion of this compensation for interest on borrowed money, and as rent for a hired store, he still has made no profit; and it may happen a part of even his fair wages for the service he has rendered goes the same way. Besides, the others also employ means in their business. There is evidently, then, no room for profits here. Besides, there is more or less risk in all mercantile enterprises, and still another portion of his earnings may have gone justly for assurance.

However liberally the merchant under such circumstances might sometimes be paid, it is very evident that no great disparity could long exist in the compensation of these several callings, did not some other factor enter into the calculation. Under free competition the pay of each would certainly tend to equality. Besides, the merchant is placed in a position to know better than either of the others the marketable value of the articles, and of his own services, and more intelligence in these respects is rightly expected of him. Now, whatever his decision in the matter of the compensation may be, he must decide his share to be either wages or profits, or else both as wages and profits. That he cannot charge it wholly as profits, is seen from the fact that he would relinquish, then, all claim for services, and would be guilty of taking "something for nothing," and playing falsely with matters entrusted to his decision. But if he is paid for his service, by what pretense does he also charge up profits against his customers? or how, under a system of natural competition, would

he be able to do so and yet succeed in being employed?

In the prosecution of a business other than mere trading, where labor is employed and material worked up into new forms and new utilities result, there is a greater complexity of transactions and interests, but they all are reducible to the same terms. These are the services which the operator performs for the producer of the material, the laborer, who has his labor only to sell, the machine or tool maker, etc. In the parlance of the economists, he purchases all these and sells them in the commodities thus produced and sold. Now, in all this he either performs a service to those from whom he purchases and to whom he sells, or he does not. If not, he can make no just claim to compensation whatever, and in any truly competitive struggle would be unable to receive any. If recompensed for his services, any claim for profits must be fraudulent and unjust, for no one can be paid twice for the same work and be innocent. If he has employed hired money, factories, or lands, and paid interest and rent for them, so may those with whom he has dealt, and the moneys he has absorbed from his business to meet these obligations are not profits; and however he may be leagued with the banker and landlord, it is not as an operator or merchant that the profit is taken, but as a banker or landlord, or as a conspirator with one or both of them.

It is easy to anticipate the protest which will be raised against bringing morals into economics, and such is not my intention, farther than they are involved in civil law and social economy; but it may be

well to remind critics thus captious, that the highest moral quality, Truth, is essential to any scientific investigation whatsoever. If we may not know the truth of any transaction we are in no position to *decide* any question in regard to it. It is evident that profits which depend upon falsehood, deception, suppression of facts, misrepresentation or adulteration, or upon false claims and pretenses, can have no place in any scientific inquiry. With these elements eliminated from business transactions, it is quite plain that nothing would remain to the trader but payment for his services. Exchange is a social, not a private affair, and in the transfer and distribution of commodities, the entire process is the result of attempts at mutual and reciprocal interchange. It may be to the private interest of the trader to obstruct, as trade is now conducted, forestall and corner the concurrent tendencies to exchange. It certainly is the interest of the whole people that such private interests shall be thwarted as far, at least, as a promulgation of the *truth* will have that effect, and here, really, the province of the scientist ends. It may be well to refer, in this connection, to the fact that this fear of moral sentiment, by writers on political economy and civil law, is wholly too one-sided to be treated with the least respect; for while it deprecates the interference, in any way, of ethics against the "law of the market," and the right to obtain all one can of advantage in a trade, it whines like a whipped school-boy about the "sacred rights of property," and "the inviolability of contract," whenever its assumed prerogatives are questioned. It is significant that our courts will cite with deepest unction the

GOLDEN RULE, when rights of property are involved, but wholly ignore it when the fulfilment of a contract is at issue, however unjust or oppressive it may have become in operation.

If a man is bound, as the judge charges in a case where another allows my property to be injured, through carelessness or negligence, by the rule that he should do by me as he would have me do by him, why is he not bound by the same law when a contract works to my injury and loss, and which was obtained by him for the purpose not to do right by me, but to do me wrong, such as he would not willingly have me do to him? Or when the property of the people is in the hands of the merchant, and in a degree he has the power to fix the price, not only of his own services, but of those of his customers, why is he not bound to do to others as he does by himself? I may as well follow here these sophistries to their just conclusion. It will be urged that advantage-taking should be justified in order that people may learn to beware of making unequal or one-sided contracts; but this reason is also *unilateral*, so to speak, since it is not applied to the other side, where a question of property is concerned, and where the example would have been equally salutary to the property holder, by teaching him to beware of trusting his property in careless hands. Besides, contracts of the nature we are treating are made under duress and in the interest of capitalism always.

From what we have seen, profits, distinct and in addition to payment of services, can have no honest existence where two parties to a transaction are equitably related to each other and duly informed. No

one who knows and can avoid it will pay a profit. And no one knowingly will deal at a loss when he can deal without. If both parties can gain in a transaction, then the benefit is *mutual*, and there is no profit as of one over the other, which is the sole characteristic of capitalistic increase.

Before passing to the consideration of interest as a means of increase, we may notice the identity in character between the three forms. The definitions are interchangeable. For example :

INTEREST is the *profit* which the money lender or capitalist derives from the employment of his *capital*. Again,

PROFIT is the *interest* which the operator or merchant realizes from his money invested in his business.

RENT is the *interest* which the landholder receives from the sum of money invested in land, or for that sum of money for which said land would sell. Still again,

PROFIT is the *rent* of the land which had been sold to obtain the capital employed, or for which such capital would exchange ; and,

INTEREST is the *rent* of so much land as was sold to raise the principal, or for which the principal would exchange.

We can but consider, then, that these three forms of increase are essentially one, and rest ultimately upon the sole, logical base, *the ability of the land to produce spontaneously*.

But we have elsewhere fully demonstrated that spontaneous productions have no price or exchangeable ratio, except in the degree that *dominion over the*

*land gives dominion over man; for without the two there is, and can be, no increase of social wealth. Not only nothing else produces anywhere any increase of wealth, but neither man nor the soil separately produces anything. It is only by their union that productive phenomena occur. When these two factors are united, increase of wealth results legitimately; but when they are divorced, no increase or even production at all is possible. To introduce another claimant in the division is fraudulent. Production means more than placing a thing in the market. That is but one phase of it, though an important one. It begins with the first application of the human energy to the raw material, and ends only where consumption begins—in the purchase for use. The whole process or circle of transportation, storage, and exchange is effected through the application of labor, and not otherwise. The merchant, by the service he renders, becomes a joint owner with the others, and is bound to account faithfully to the other co-workers. It does not change his social and industrial relation, because he has bought out the shares of the others; unless he has dealt equitably with them, their interest is not cancelled, and the extra increase he has gained for himself is the wages of deceit and fraud, which are in no way lessened because he has conspired with the landlord and usurer to share the profit with them.*

### INTEREST.

If we found no tenable ground for profits, still less shall we find any rational justification for interest. The man who puts his accumulated earnings into

some industrial or commercial enterprise, and accompanies it with his personal service in useful oversight, renders service and assumes risks and responsibilities which justly entitle him to a liberal share in the resulting production. If his compensation is unusually large in one venture, it begets competition and is liable to become unusually small in another; but with the money-lender it is wholly different. The secured creditor does nothing of this kind, and is no more entitled to a share of the resultant production than if he had placed his gold with a safe-deposit company, for which he would have to pay storage instead of receiving a premium. In industrial crises, which follow interest-taking periodically, by an inexorable mathematical law, it is the means employed in business, or which has been trusted out without security, on which the whole burden of bankruptcies falls. The secured loan does not suffer, but is relatively increased in value by the ruin wrought to all other interests. Dr. Adam Smith truly describes such a capitalist as the "*person who has a capital from which he wishes to derive a revenue without taking the trouble to employ it himself.*" In other words, one who wishes to obtain the services of others without rendering himself any service in return, and without risk.

The increased facilities for production afforded by loans to labor is regarded by many as a sufficient reason why it should share in division. But to arrive at such a conclusion, it is necessary to leave out two essential elements of the problem:

1st. That labor is now unjustly deprived of its

natural right of access to “the raw material of the earth,” and opportunity to employ itself. And,

2d. That all forms of accumulated wealth are subject to inevitable decay and decrease of value; the surplus product of agricultural labor, especially; that all this value has constantly to be reproduced and kept good by labor, and that the capitalist has no other mode possible for the conservation of his wealth but to employ it productively. When, therefore, he makes terms with labor, which requires more than return of service for service, and of labor for labor, he is imposing upon the ignorance or taking advantage of the unfortunate condition of the laborer. But this, however, he would be unable to do but for the enjoyment of monopolies through municipal laws, which place the laborer at such disadvantage that his necessities compel him to accept terms which the capitalist finds no necessity to make equal.

Under the operation of natural law, the person having means to conserve would find a necessity to recombine it with labor in order to prolong its existence, equally as great as the person who labored would find for means to render his labor productive. But when society grants privilege to a class to control the earth and raw material, it is plain that labor must accept the conditions of capital, or starve, and that the capital is not only able to throw the entire *onus* upon the laborer of maintaining his decaying property intact, but to lay all labor under an additional tribute, which shall still farther isolate wealth and beget increasing dependence of the industrial class upon its accumulations.

A false element is introduced into the question of

awards, which bestows the greater share of labor's product upon those who do not labor. Whoever will think can see how impossible it is for such a system to operate, without subverting all just principles of division, and subjecting labor to the grossest injustice. It will be seen that if one man starts with an amount of capital equal to what another can earn or produce in a period required to double the capital at compound interest, he will have absorbed just as much as the labor of one man has produced. At the end of the second period he will have quadrupled his investment, and at the end of the twelfth period he will have multiplied it 4,096 times, having accumulated, within the last period alone, 2,048 times the original sum invested, or the amount which the laborer can have produced in that period. If by invention, discoveries, or other favoring circumstances, production has increased, it has at most been able only to change the *difference*. If in a generation it should add one to what it had previously been, it would only give production two in the twelfth period to balance the 2,048 of the capitalist. Necessarily, by the operation of the absorptive series, labor never gets more than a moiety of what it produces. The operation cannot absorb more than labor produces. But this does not prove that the accumulations do not proceed as the illustration shows, or are any the less oppressive to labor.

The least per centage to the capitalist, not the pay for service rendered, involves accumulation by equal ratios, in periods of greater or lesser length. To this no production of industry is equal which the world ever has or can know. Such exaction is therefore

wholly without any logical foundation, and is as unscientific as it is oppressive and unjust. Its presence in our industrial system must therefore be referred to causes flowing from unequal conditions, usurpation and misapprehension of economic law, and not from any necessity in the development of the laws of industry and reciprocal exchange.

Taken in connection with our system of land tenure —without which its existence would hardly be possible—this system acquires a power so fearful that no friend of his race can contemplate it without detestation and horror. The accelerated velocity with which it enables the avaricious and unprincipled to achieve the complete monopoly of the earth, is far more dangerous and destructive of human rights than any “divine right” of kings, or any mere law of entail or right of primogeniture can possibly be.

It is to be understood that when I speak of the operation of this method of accumulation, I suppose the capitalist to have the ability to supply his own wants by his own efforts. If his income from usance merely supplies what he consumes, extravagantly or otherwise, then he is a sinecurist, quartered by this system upon society, whose industry is rendered tributary to the support of a person wholly useless to it.

To show with greater distinctness the operation of the principle on which interest operates, let us suppose that the land should be loaned; and that, instead of the annual percentage being paid in money, it was stipulated to be paid in kind; that, as interest on money is paid *in money*, so the rent or interest on land should be paid *in land*. Now, a man borrowing

land on such conditions would, in a dozen years or so, pay back as interest all he had borrowed, and must of necessity repudiate the principal—become bankrupt in land. For it is evident that in the period in which the payments of interest would amount to a sum equal to the principal, an amount of land equal to itself, would be required to be returned to the owner for its own use; and, as the amount of land in any town, state, nation, or the world, is a fixed and definite one, the operation of any such stipulation would be impossible, and besides producing untold embarrassment and suffering, must end at last in repudiation. A system of contracts like the above would be held in all courts as invalid, because they involved conditions well known to be impossible.

But the operation of our credit system, and payment of interest on capital to those who take no care in its employment, virtually involves the same consequences. By the accumulations of interest upon a given sum, the possessor can purchase a given amount of land in every period, corresponding to the amount of the principal invested. This enables the capitalistic class, as distinguished from the industrial or commercial class, to control the ownership of the land just as effectually as the titled nobility of any country ever did.

Having discussed the general question of increase, the principal purpose here has been to show how intimately the interest question is involved with the monopoly of land. It is plain, moreover, from this showing, that there is no such difference in the rate of rent and of interest as has been contended by Mr.

George and others. As the capitalized wealth of any community or nation increases, the *nominal rate* of interest goes down with wages, but its share in the annual production remains the same if it does not increase. Let the rent of land be paid in land as rent of money is paid in money, and the *rent rate* will be seen to decrease in the same ratio as interest or wages. It could not possibly be otherwise. In a new country where land is plenty, money and labor scarce, wages will be high, interest will be high, and rent low. The farm renting for two hundred dollars will at most only be worth two thousand, and the rent will buy the owner another farm in ten years. But as the population increases, and the wages and interest decrease, it will be possible to increase the amount of rent, but the price of land will also have risen and in a still more rapid manner, so that, although the rate of rent per acre may have increased, the rate per cent. will have decreased the same as the rate per cent. of money. And it will take twelve, fifteen, twenty, or thirty years for the rent of one farm to enable the owner to purchase another, the same as it will take one capital to beget another. So that while the wages of labor are constantly decreasing with the growth of capitalism, both the landlord and the money lord are enabled to double their capital of money or of land in equal periods *corresponding to each other in every essential feature.*

When interest rules at 7 per cent. it is possible to double the capital in about ten years. When 6 per cent., in twelve years; 5 per cent., in fourteen years; 4 per cent., in seventeen years, and at 3 per cent. in less than twenty-one years. At 7 per cent. rent, the

farm, without any labor or contribution of his own, will have "earned" the owner in forty years fourteen other farms of equal value. At 6 per cent., nine farms ; at 5 per cent., six farms ; at 4 per cent., five other farms, and at 3 per cent. nearly four other farms. A money-lender will have increased his capital in the same or even more rapid ratio, the rate being usually a little higher for money than for land, as the latter is considered safer as an investment or for security, and cautious holders are willing to sacrifice the higher rate to the greater security against loss of principal.

It is worthy of remark, how much has been made of the "progression of numbers" by Malthus and those economists who have availed themselves of his subtleties to show that destitution is referable to the laws of nature and the arithmetic of the case, and not to unequal laws. It is shown that population increases by "equal ratio," while the production of food, at most, can only be increased by "equal differences." Thus, it is said, while production of food in several periods may proceed with a difference of *two*, it cannot possibly be more than 2, 4, 6, 8, 10, 12, 14, 16 ; while in the same periods the increase in population will be 2, 4, 8, 16, 32, 64, 128, 256. It is a little strange that Malthus, nor the economists who follow him, take any notice of the same law as applied to production and taking of interest.

Production by labor proceeds by *equal differences*, interest and rent by *equal ratios*, and at higher ratios than the *difference* in production ever obtains. Yet this power of increase, which takes from the pro-

ducer and gives to the idler, is not a law of nature but a law of the state or municipality. Probably for this reason its application here has not been alluded to, although to it can be referred mainly all the famines and pauperisms which have been ascribed to over-population. Usury and rent have been the great levers by which the homes of millions of millions have been alienated and gone to widen the domain to the sway of avarice and to the love of lordly domination.

The insanity of interest is shown by considering the sources from which it is derived :

(1) From the principal loaned, resulting in bankruptcy to the borrower, and perhaps loss to the lender.

(2) From the stock of the borrower, resulting in his complete impoverishment, if continued, since the principal borrowed must be returned intact.

(3) From the wages, or equitable compensation of the borrower, or from the natural wages of his employees, or from the profits he has been able to realize through unjust and irrational trade from the public with whom he has dealt.

There is no other source from which he could have derived the interest paid, unless the exploded notion be accepted that the land can produce wealth without labor, or that goods in process of exchange, without labor, increase in quantity or value.

To attach increased value to things which are being operated upon by the reproductive forces of nature, aside from the obvious injustice of exacting the labor product of another for their operation, and of attempting to exchange the work of nature for the

work of a fellow-being, is conspicuous when we consider that the conservation of our perishable product into a durable one, is a quite sufficient inducement to all salutary work. Ditching for irrigation, planting trees, indeed all the things cited as proving the right of taking increase, would be done, is done, without any such motive on the part of those who do the work. The men who have built our canals, our railroads, our aqueducts, and made our numerous public improvements have not been paid, besides the wages for their labor, *an annuity from the use of these works*, for all time to come. The capitalist alone receives such tribute, and this, not because he would not otherwise have lent his money to promote the work, for it is proverbial that he is more ready to let money when the rate is low than when it is high. Indeed, with good security, he would always prefer to have it stored for him than to take the risk of keeping it by him, were it not that through the assistance of our laws, he is enabled to exact tribute in this form from the labor of the people, by charging for the "flight of time," and the action of "natural forces." It is also evident that the "reproductive forces of nature," and "the utilization of the variations in the powers of nature and of man, which is effected by exchange," are present in every form of production and exchange whatever, as well as in those instanced by Mr. George; for unless these forces work with the labor of man, he produces nothing and exchanges nothing. The advantage of exchange, whatever it may be, is mutual, or no equitable exchange is made.

Mr. George, when he pays his washerwoman, pays

her for her muscular exertion, and the exercise of skill in her profession. If she were, in addition to that, to charge him for the use of the sun and air which dry them, and without whose aid her labor would be of no service to him, he would justly complain. The boatman who sets him across a stream does not charge him for the buoyancy which floats his boat or the wind which wafts the sail. It was left to capitalism to devise the magic wand which turns everything it touches into gold, and thereby tax labor for every foot of land it occupies, and every field it seeks to cultivate, with every force of nature it attempts to utilize, because the grasp it has secured upon the land gives it control over all natural, including the human forces. This author makes a special plea for interest or increase, which I will let him state in his own words. He supposes an instance where “in one place a given amount of labor will secure 200 in vegetable or 100 in animal food. In another place these conditions are reversed, and the same amount of labor will produce 100 in vegetable food or 200 in animal.” But by devoting labor in one place to the procurement of vegetable food, and in the other to the procurement of animal food, and exchanging the quantity required, the people of each place will be able, by the given amount of labor, to procure 200 of both, less the expenses of exchange; so that in each place the produce which is taken from use and devoted to exchange, brings back an increase” (*Progress and Poverty*, 163).

And yet he admits that labor is required to effect exchange; but thinks “there is a distinguishable force co-operating with that of labor which makes it

impossible to measure the result solely by the labor expended ; but renders the amount of capital, and the time it is in use, integral parts in the sum of forces.” Now, since the capital of trade is only that part of the product of labor seeking to be conserved, the time it is employed is chargeable, if at all, to the other side of the equation, since its owner, in permitting its incorporation with another enterprise, or productive circle, elects to treat it as present labor. Besides, what other capital is there in the transaction he has instanced ? Only “the given amount of labor,” in the procurement of the 200 of animal and the 200 of vegetable food, and the service of transportation and exchange. There is a surplus of 50 of vegetable and 50 of animal food which has to be awarded somewhere. It is possible that the exchange and transportation may not absorb all this ; but there must be no protective tariff or monopolized line of transportation, which takes “all the traffic will bear ” between the two places. I am unable to see any increase which goes not to the labor as natural wages for the procurement, transportation, and exchange of these two kinds of food. It is difficult to understand how more capital is required to produce the single line of food than for each to produce both kinds. Under freedom, neither of the producers would change his habit of producing both kinds till satisfied that the advantage of change was a *mutual* one, and not an advantage to one side alone, or to neither, but to be reaped by an intermediate or parasite.

It is thought that as “the seed in the ground germinates and grows, while the farmer sleeps or

ploughs new fields," there is a good reason why a tax should be put upon the growth of food by the landlord or usurer. But if nature works thus with man, she nevertheless awards him compensation according to what he does. When the season's yield is large, in proportion to labor bestowed, the farmer may get no more, except in kind, as a reduction in exchangeable value will bring it to an average with shorter crops. Nature, everywhere, repudiates the crudity, born of capitalistic assumption, that anything can be obtained for nothing. Only at the expense of labor can this be realized. None knows better than the fruit grower and cattle raiser that constant attention and careful labor are requisite to success. Nature rewards no idler. If Shylock makes his "ducats breed as well as ewes and rams," it is not because either multiplies without human toil, but for reasons wholly outside of the laws of industrial production or of equitable exchange.

## RENT.

The nature of rent we have already referred to as one with profits and interest, indeed, as the foundation of both. Its incompatibility with the principles of equity and economy are most apparent. But for what is called the "rent theory," it would claim but a passing attention. To me it is quite evident that Ricardo, who first propounded this theory, became aware of the impossibility of reconciling rent with any rational theory of the production and distribution of wealth, yet felt the necessity of accounting for the phenomena in a manner which would divert

attention from its wholly unjustifiable nature. The "pure economists," since they have dispensed with all questions but the one of trade, find themselves under no obligation to champion the theory, and virtually ignore it, placing land in the category of things "which can be exchanged for money," and so, consistently, make no distinction between rent and other forms of increase. Macleod defines rent to be "the mere right to demand compensation for use," and the "purchase of a use for a limited period." It could, therefore, be summarily dismissed, but that Mr. George, after designating it as the main "buttress of the Malthusian theory," and after demolishing that theory, has seen fit to build up a system upon the dismantled buttress, which he thinks still remaining. Instead of analyzing rent, he seems to regard it as a mysterious power which creates value independent of labor, and as something which he can tax to any degree without taking from the natural wages of labor; whereas, it is wholly due to exclusive land ownership, as he himself frequently asserts.

According to Ricardo, rent is not an arbitrary tribute levied upon industry by usurped rights, but merely the excess of product, of the best land over the poorest, as the latter shall come into cultivation or other use under the exigencies of increasing population. As two prices cannot prevail in the same market at the same time, so he thinks the cost of producing grain on the poorest land will determine the price of grain raised upon the best land, and thus the excess will determine the rent which will be paid for its use. There seems to me little necessity for misapprehension in regard to this theory. While

land is under exclusive dominion it may serve in a certain way to explain how the rent rate is determined as between particular lands. But this is by no means the limit of its use by the followers of Ricardo, among whom Mr. George must be included. The inference is always sought to be carried that it also reveals an economic law under which only rent is developed. It assumes that rent does not arise until increase of population forces the use of less productive soils. In fact, the operation is directly the reverse of this. It is rent which forces the use of less productive soils, and thus creates the necessity, the previous existence of which is represented to be the cause and justification. If the land I till will yield 40, and I have to pay 10 rent, it is evident that this will force the use of a quality which will yield only 30.

But let us test this assumed cause, and see if in the absence of it altogether the same phenomena will not occur. An island of uniform surface and fertility is divided equally among a certain number of people. And to make the illustration plain, let us suppose that all support themselves mainly by raising grain. It seems quite certain no rent would be paid, though a number of incidents might be conceived under which it were possible, even while the soil in every portion remained of the same fertility. One circumstance, however, would certainly and permanently establish rent, and that not a varying productiveness of the land, but the presence of laborers who were debarred access to the soil. As soon as there arose *an increase in the population requiring land, which it was in the power of holders to deny*, land would have a price, rent would be offered and taken, or the laborers would

offer their services at a price below “the whole product of their labor;” and the rise of rents and decrease of wages would inevitably follow every increase of such laborers, just the same as if extremes existed in the productive capability of the land. As population increased, land-holders would decrease, under a system of land-holding like ours, and a divergency of conditions would proceed till a landed aristocracy arose at one extreme, and a dependent, wretched proletariat at the other. And this would result, not at all on account of the unequal fertility of different soils, but wholly because “*the increase of ownerships had not kept pace with the increase of population.*”

The theory also assumes that poor land below the margin of cultivation can be had without rent. I am certain only exceptional cases can be found where land can be had at all without rent, and these will occur as often on the best as on the poorest lands. Often within the limits of our cities fertile patches are occupied without rent, while the settler taking up free land on the prairie often pays rent to his earlier neighbor for a corn or garden patch.

Under monopoly, often as now in Ireland, the poorest is rented, while the best lies idle, in deer-parks or sheep-farms, the tiller accepting that which he is compelled to. Labor here has to deal with privilege to which no economic principle applies, and where demand and supply have no operation, and in which one party to any transaction has the power to determine the compensation of both, and if any, a forced exchange takes place. Between “the whole product of labor” and the “wages bordering on starvation,” there is a wide margin from which the

landlord can draw fabulous wages without regard to any ethical or economic law. To attempt to reduce such stupendous larcenies to a system compatible with the crudest form of equity, will forever, as it has heretofore, prove the despair of science.

In connection with this theory, it must be remembered that land is required for other purposes than raising wheat. Indeed, the best wheat land may prove the poorest for pulse, garden truck, or small fruits, and land which will not answer for either may be all the better for storehouses, factories, and dwellings. The requirement for land is as various as human industry. Mr. George himself (*Progress and Poverty*, p. 149) recognizes that "rent, in short, is the price of monopoly, arising from the reduction to individual ownership of natural elements, which human exertion can neither produce nor increase." How he can abolish the monopoly and have the price remain is a dilemma from which I do not feel bound to extricate him. On page 219 we find this passage: "The effect of increasing population upon the distribution of wealth is to increase rent . . . in two ways—1st. By lowering the margin of cultivation (Ricardo's theory); and, 2d, by bringing out in land special capabilities, otherwise latent, and by attaching special capabilities to particular lands. I am disposed to think that the latter mode, to which little attention has been called by political economists, is really the more important."

Now, since this latter mode not only differs from the former, but is the opposite of it, and equivalent to a raising of the margin of cultivation, they cannot both support the same theory. But the above is by

no means the only subject connected with this question to which the economists have called little attention. No account is made of the fact that the natural capacity of land has very little to do with its actual productiveness, which depends mainly on the supply of manures and fertilizers, rotation of crops, and skilful dressing and keeping. Little attention has been given to the great drain that has been made upon our most fertile lands by the consumption of our large cities, whose sewers are choked with the principles of fertility taken from the soil, the rent of which still rises.

But the only practical test to which the theory of Ricardo was ever subjected proved it wholly valueless. On the agitation for the repeal of the British corn laws, it was urged that repeal would destroy the landed interest by greatly reducing rents. But on their repeal in 1846, opening the markets of England to the products of all the cultivable land upon the globe accessible to British commerce, rents not did decline, but rapidly advanced; and for more than a generation no perceptible effect has been discovered attributable to the change.\*

The point of greatest importance, as viewed by the Ricardo school, is that "rent *must* exist, and cannot

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\*I quote from Chambers's Encyclopedia, Art. "Corn Laws," published fifteen years after their repeal. The italics are mine: "The results of the repeal are well known. Every evil prognostication has been falsified. *Poor lands* are as much cultivated as ever, and even *more so*. There has been no stoppage of imports by war nor otherwise, nor are there likely to be. . . . Instead of falling, *the rent of land of all kinds has risen*, and tenants and proprietors are alike satisfied. The working classes are better, instead of being worse employed."

be got rid of. Whoever has land at his command better than the worst that is cultivated, holds rent. It is in vain, therefore, to think of destroying the monopoly of land owners. It revives as naturally by an economic, as water finds its level by a physical law." It is for this reason that Mr. George concludes that the only way to establish equity is to confiscate or tax away the rent, and thus secure to each member of a state his just share of the unearned increase. It is urged that if the land were to be divided equally to-day, it would immediately begin to accumulate again in the hands of the industrious and frugal, and so become at length absorbed in a few hands, as now, and of course yield again the same rent.

But such result could not be effected if land were treated, not as exchangeable goods, but as a complement to labor, as it is in nature. The distinction between it and the increase of goods, relied on to establish this theory, viz., That while the increase from them "arises out of the *acts* of the holders, the rent of land is a fund that exists through external causes, over which the holder exercises no control," proves that it cannot be equitably exchangeable with that which requires activity in its production, since there can be no equation between two things, one of which costs labor and the other does not. One might as well pay for any service by giving the privilege of breathing the air as of using the land. The theory itself is therefore incapable of statement, except in terms which preclude it from exchange, and hence from the realm of economics.

The inequality which Mr. George thinks he sees in any attempt to abolish landlordism, which does not

confiscate "economic rent," is mainly chimerical, and could hardly form a serious difficulty were occupancy made the sole title to land. With wider acreage of an inferior quality, with more varied crops, and perchance more careful tillage, these inequalities would be greatly reduced, if they did not wholly disappear. There are many compensations not apparent at first glance. The man with land of easier tillage, or more productive soil, will be able, doubtless, to obtain the same price for his grain or fruits as the man with poorer soil and shorter crops. Having more to exchange, he will purchase more luxuries. This will stimulate other industries, but will not increase the cost of actual necessities to his poorer neighbor. Under "occupying ownership," moreover, the principle of first serving the first comer must obtain. Only as population increased, and progress in production advanced, would the less desirable places come into request. The older and feebler would thus be usually in possession of the more productive, and the younger and stronger be left to attack the less favored situation.

The theory absurdly proceeds, moreover, upon the hypothesis that the best land will continue to produce bountifully from generation to generation. Land, however fertile, when first taken up, will, unless continually manured, soon work down to a point where it will yield no more than the same quantity of manure will produce upon land of ordinary quality. It is the opinion of the best writers upon the subject of agriculture that it is the culture, not the soil, which determines the great disparities in agricultural production. Generally, then, produc-

*tiveness of the land depends upon the labor applied, and upon the return to it of the elements of fertility.* The original disparity in regard to soils would soon disappear under natural apportionment and intelligent use.

In dealing with the subject of rent, as with interest and profits, it is important to distinguish between that which is actual rent and that which goes under the name, but is not rent proper. As to profits are usually added services in exchange, and to interest the assurance against risk, etc., so to rent there is usually added insurance, taxation, repairs, and the general expense of keeping up the property; actual rent, as actual interest and actual profits, are payments for that which represents no service or commodity parted with by the claimant, and hence is not an exchange but a tribute. This distinction is so readily drawn that it only requires to be referred to here.

## CHAPTER V.

### CONSERVATION OF WEALTH.

EVERY person who completes a truly rounded life passes through two stages where his powers of production do not equal his necessary consumption, and a single, but usually longer period, where they considerably exceed it. Infancy and childhood have to be sustained by the product of the labor of others. And the early education is generally a gratuity to the youth. Again, in old age, and in the decay of the physical and mental energies, support must come from other than one's own exertions at that period. The period embracing early and mature manhood, on the other hand, is usually accompanied by strength of brain and brawn, to enable the man to produce more than he is under any necessity of steadily consuming. Taken in connection with the fact that all forms of wealth constantly decay, though some with much greater rapidity than others, there arises an inflexible necessity that some method of conservation should be found which would enable the producer to store up in a durable form the values which he has created, but which will soon disappear, unless so conserved. In consequence of the nearly indestructible nature of gems and the precious metals, and because they possess attractions for the barbaric mind as ornaments and charms, these, at an early

period, became the great agents of conservation. Flocks and herds, from their power to grow and multiply, also became sought for to this end, as well as for their power, in connection with dominion of the land, to yield a ready increase.

The only way in which the man usually can repay the cost of his early support and education is by providing for the support and education of his own offspring, though often he makes direct return in the care and support of parents. But this requires accumulation and conservation, which means accumulation in a form to retain its value undiminished as nearly as may be. There is, therefore, abundant motive to accumulation in active life, if all thoughts of increase without labor were eliminated. And when is added the desire to provide our old age with comfort and ample support, there arises a demand for such forms of value as will give guaranties of unvarying stability. The agriculturist will find, in the planting of fruit-trees, a sure means of storing and conserving the products of his manhood's labors; in such form, too, as can be readily combined with the lighter subsequent labor required to care for them and gather the fruit. A great variety of forms might be given in illustration, but this must suffice. The laws of equitable division or exchange will thus repay the abstinence of the frugal, not with *increase*, but with compensation for the labors performed, but not before completely satisfied.

Of all pretexts for the justification of increase without labor, that of *time* is the most flimsy and groundless, and if it were not associated with the idea that capital is, in some sense, labor or the pro-

duct of labor, it could not be made to assume the least plausibility. But we shall see how little investigation it will bear. The man who has labored and received the natural wages of his toil, finding them subject to perish more or less rapidly, turns them into some form less perishable; the main and normal motive being to save their value from its ordinary tendency to decrease. That they are converted to this use, and so conserved, instead of being consumed productively, is proof that the holder is unable or unwilling thus to consume them, and prefers a stable value to a changing one. Without intending to introduce any discussion here as to the nature and functions of money, I may say that it is a medium provided by society, one of the uses, if not purposes, of which is the conservation of wealth to the producer. And this it effects well or ill, according to the wisdom displayed in its creation and the regulations which determine its character. But whatever else may be claimed as the powers of money, it will not be pretended that it has any power of increase. In placing his wealth in this form (when done for conservation, and not for convenience of exchange), the owner indubitably elects to put his property into to that from which no increase to it can be added but by joining it to other labor. *He elects to treat his property, while in this form, as though it were the wages of labor just completed.* It will make little difference, indeed, what the particular form of wealth in which the value of his labor is stored. The *utmost* that the social comity can secure to him is the undiminished value of production. Unless most wisely converted by him, and most in-

telligently as well as equitably guarded by society, it cannot keep whole the value of the labor he bestowed. Only when the production be converted into cash, or some more durable form, or has been consumed productively, can society return to him "measure for measure," without suffering loss. His labor, then wrapped up in the new production, must have been but a trifle in time antecedent with the later labor, which rehabilitated it in a new commodity. But the labor doing this should share the entire result minus the amount of labor concreted in the things consumed, and no more could be returned than had been received, without robbing the later worker of a part of his natural wages.

If it be asked whether accepting the contribution of the holder of past labor-pledges or tokens, and performing a certain number of days' work, the outcome of this work may not yield an increase over the values of the labor taken as a whole, the reply is, that under a system of monopoly and tax to capital such a thing might well happen, but even then the increase awarded to the employed capital is usually taken from the wages of the employed labor, and not because the union of the past with present labor has made the present labor more productive. That union of labor, as well as division of labor (which, in the sphere of a healthy exchange, are branches of the same thing—co-operation), aids production, is not denied. That by the use of conserved wealth we can co-operate with past labor, may be admitted, but to return to that past labor more than value for value involves the self-contradictory assumption that the past labor is more valuable than present labor,

although at the same time admitting that we use it only as present labor when we join it to present labor. But to make the thing more plain, let us suppose our unit of value to be a day's work. It will be asked, if two parties contribute the same number of days' work of the same degree of efficiency, why should they not receive the same compensation? Undoubtedly they should. Then it would seem to follow that the owner of the hundred days' labor, contributed by the holder or conservator of labor, should share equally with the present worker, who immediately contributed his hundred days' labor in producing the new material. The total production is now the wages of the two hundred days' labor, of which each will be entitled to an equal share. Before any deduction can be drawn from this to favor the claim of increase, however, it must be shown that the result is more than the wages of two hundred days' labor, which is an absurdity. It is vastly easy to conceive of circumstances which would make the joint product considerably more or considerably less than the usual product, or the product which the present worker would be able to produce by his individual labor continued for two hundred days; but to admit the principle of increase anywhere is to abandon the fundamental proposition that the whole product of labor is the natural wages of labor, and admit that society may not only guarantee the conserved values of wealth, but an increase upon them, although all forms of wealth constantly decrease, and require constant care and risk in their conservation. The only question which can arise in equity, it seems to me, would be whether the past or

the present labor should pay the cost of the guaranty, or whether it should be borne between them ; and if so, in what proportion. If any question of risk or hazard arises, it is doubtless right that the one taking the risk of loss should take the surplus product, if there should prove to be one ; and if both shared the risk, both should share the advantage. The whole question of increase is narrowed down, then, to these dimensions, but really it originates in a wholly different way, and rests upon a wholly different basis. The natural issue between the demand for conserved labor to combine with and aid present labor in production, and the demand for present labor to conserve and transmit to the future the present values of past labor products, has never been allowed any fair play by the laws and customs engendered in ignorance and greed, and never can be while fraudulent titles are sustained by public law, or while the land and all means and opportunities of production remain under the dominion of monopoly. In the absence of usurped rights, which are exercised under the laws and customs upholding capitalism, it can hardly be doubted that these mutual demands would tend to equilibrium, or complete reciprocation.

If rent, interest, or profit has any rational or economic excuse for being, it must rest on a ground wholly different from that assigned by any writer on economics, viz., upon the necessity, real or imaginary, of some to borrow of others—lands or products. But the necessity to borrow land is wholly due to the unequal and exclusive ownership of the land, and any rent, interest, or profits (different names merely for increase) is clearly the fruit of usurpation, and

not of any economic law. That such exclusive ownership also creates the only real necessity for borrowing goods, seems too plain to require argument. But that question may safely be deferred to the time when commercial monopoly of land shall be abolished, and the normal economics and industrial laws be allowed to assert themselves, uninterfered with by municipal enactments. If the right of unearned increase is truly an economic principle, and it is made the sole one by the later economists, then in the absence of fostering legislation it will be all the more likely to make its claim good, and an opportunity will be had to obtain exact data as to its operation. What is so manifestly unscientific, as well as unfair, is to treat that as a normal result of economic law which is due mainly to the direct interference of the civil law, and could not exist without it.

## CHAPTER VI.

### TOOLS AND IMPROVED MACHINERY.

NOTWITHSTANDING the general admission that labor alone creates wealth, it is thought that it may be greatly assisted by the use of new and improved implements and methods. It is quite evident that the savage could do little in felling trees and working them into forms of use, with the stone ax, once used. A man with a fine steel ax could, doubtless, do more in one day well than the savage could do in a hundred days very imperfectly. Is not the ax, therefore, productive, and as such become a factor? and should not the owner of the ax, if he permit his less fortunate neighbor to use it, be entitled to a share of the increased production? It is best to consider what does result, and the cause of it, rather than what ought to be.

Now, in the case supposed, if the man who possessed the new ax had a patent right on it by which the use of any but stone axes was prohibited to all others, he would, doubtless, be able to derive an income from selling the use of his ax, and others like it he might get manufactured. But a patent to the land on which the trees grew that were to be cut with the ax, would be just as effectual. To arrive at any exact conception, however, of the nature of improvements as entering into industrial production,

both of these patent rights, having no foundation in nature, but only the sanction of class legislation and the crude and outgrown customs of unscientific periods, must be eliminated. Under equal opportunity and reciprocal interchange of service, the benefit of improvements could not fail of being *generally* enjoyed. Inventions do not spring up without cause and impose themselves upon mankind. The whole procession of improvements is a growth, called forth by the social and industrial life of a people, and not by the creative act of a single mind. The ax itself, in its present effective form, has grown from the stone ax, or something still more rude, by minute degrees.

*The inventor of a new machine merely introduces a new manufacture.* As soon as its utility is discovered, a separate industry will grow up, and their production will be governed by supply and demand, the same as of all other productions, so that the workman, as now with the ax, will only have to give a day's labor for one, and thereafter will be able to compete with the best. The owner of the new ax does not compete with the owner of the stone ax, but with one who has or may have one every way as good as his own. It is thus seen that all benefits arising from improvements are social benefits even as they are the result of the social growth. No sooner does a new useful machine appear than workers are ready to work at its production at same compensation as they obtain in other employments. Only the monopoly of conferred privilege, which denies the rights of others to do, enables one to realize a fortune without labor by a royalty tax on the public.

I am not now arguing against a method of compensation for the time and sacrifice employed by an inventor; but only against the unequal method by which it is now attempted through patent laws. Usually, a party will find sufficient inducement and compensation, in introducing a new thing to the public, by the start he will have of competitors, and by the extended reputation it will give to his business. But it is not my purpose to enter into the discussion of the propriety of patent laws, except so far as they confer a power to prevent competition and interfere with the natural law of supply and demand. But for the state of society and of industry, which makes his invention available, it would be of no use to him, and without the presence of workers, whom his monopoly does not remove from the influence of competition, he would be unable to supply any considerable demand for it. Of the millions that are paid to patent monopolies by the public the producers of the patented articles get nothing, as it is well known that such employers seldom pay higher than the market rate of wages. It is this trick of capitalism, of subjecting labor to competition, while lifted wholly above it by class law itself, that is objectionable. That the public are willing to compensate the inventor is shown by their submission to such unequal laws; but, as a rule, the inventor is merely the stool-pigeon of capitalism, who is sacrificed or apotheosized, accordingly as either can serve its purpose of making unearned gains and extending the base of its profit-bearing stock.

The idea of a natural exclusive right in invention or in the publishing of books is absurd. If there is

one, why our patent and copyright laws? Why not defend the right at common law or by general consent? Because a man utters a new word, or coins a new phrase, is that his property which no one may repeat? If we may not be prevented from reiterating it, why from rewriting it or reprinting it? Because a man builds a house to shelter himself and family, shall all mankind be compelled to dwell in caves to the end of time? or pay him and his descendants a royalty or kingly tribute? Doubtless, society will feel under obligation to one who has invented a useful thing or written an instructive or entertaining book. And the man who has conceived or perfected either of these has the power of property over it, while he keeps it private or secret, and will usually find means to secure an advantage from it before making it public property, as Daguerre did with his beautiful invention. Society, too, may take lawful methods of awarding services of that kind; but to create a monopoly is not one of them. For books and inventions a premium might be allowed for a given time; but not to interfere with the freedom of manufacture and sale by all who would respect the right.

But industry has no patent device for obtaining wealth, and the legal privilege bestowed on those who usurp dominion of the land or obtain the right to prohibit work like that which they have been incited to do by the education and means they have derived from ages of toil and experience of others, is not in the social interest, but opposed to and destructive of it. Industry has no secrets which would debar the willing toiler from following any method or pro-

cess found to be advantageous. In agriculture, parties vie with each other in communicating useful knowledge, and form clubs for the purpose of making known improved methods. A new comer in any section of our country will have abundance of good advice tendered him, so that, at times, it may become embarrassing. Only when knowledge becomes embodied in some art or handicraft is it in form to be monopolized, and then, even, it often parts "for a song" with meritorious discoveries or inventions to the "lying-in-wait" capitalism, which captures it, and from it, perchance, builds up a fortune. Our progress in science and industry is in no way due to capitalism or any motive consistent with its sway. On the contrary, these have flourished most where there was the greatest freedom. Certain features of the arts may be affected or promoted by capitalistic patronage and favor, but not so with science. Not the patent or copyright laws have produced the most useful inventions or discoveries. The love of science, love of art, love of truth, love of discovering it in mechanics and in the physical sciences, have done all that is worthy our consideration. Love of gain has operated to distract rather than foster useful discovery. In those few instances where merit has apparently reaped a rich reward under its methods, it has operated often to exclude other cognate improvements, which would have been made and put to use but for the exclusive right bestowed upon one perhaps no more worthy than the others. The most useful inventions are those whose real discoverers are not even known. Indeed they are growths rather than inventions. And "learning hath gained most

by those books by which the printers have lost," and which have yielded no royalty to their authors. Patent right, under monopoly, has led to more pernicious than serviceable results, and copyright has fostered the growth of ephemeral rather than useful literature. An invention which has realized the patentee more than half a million, to my personal knowledge, was never put into a practical shape by him, yet he had his monopoly continued for twenty-eight years and then repatented it under another name. Not until the expiration of his monopoly was any marked improvement made in that line, and a very inferior product was furnished the public until it was improved by parties not working under the patent.

The daguerreotype is another case in point. The discoverer was unwilling that his great invention should be made a monopoly by a few, and thus *shut out improvement*. He desired that the world should have the benefit, though he naturally wished to be paid for his services in completing the discovery. He found a means to effect both of these desires. The French government purchased his secret, and shares the glory of having given so important an invention to the world. But, notwithstanding this, it was patented in England, and the result is what might have been expected—English pictures continued far below the standard of excellence of those taken by the artists of other nations, particularly the American. Mr. Snelling (*Art of Photography*, 1850), says: "I have seen some medium portraits for which a guinea had been paid, and taken, too, by a celebrated artist, that our poorest daguerreotypists

would be ashamed to show to a second person, much less suffer to leave their rooms." He also says: "Calotype is precisely in the same predicament both in England and the United States," Mr. Talbot having taken out patents in both countries. He describes the pictures made under patent as far inferior to those made at the same time in Germany where no patent existed.

In the introduction of new varieties of fruits, cereals, or vegetables, which may be classed with useful inventions, various methods are adopted to retain a monopoly; but without the interference of the law, it can have but a short life, and work no great injustice like those protected by statute. I call to mind, in horticulture, two instances illustrative of the principle to show that not that service which has been best paid has proved most serviceable to society, but the reverse: Dr. Grant introduced the Iona grape, and made a moderate fortune out of it. It proved wholly worthless as an investment to the purchasers, though it was a grape of fine quality. The thousands he realized from it may be said to have been a dead loss to grape growers. Horace Greeley, through offering a prize of a thousand dollars, brought out the Concord grape, and, indeed, a number of other varieties, through the emulation it stimulated, by which every grape grower in the country has been benefited.

The objection, that without patent or copyright laws no one would engage in making inventions or publishing books, indicates that as our legislators act largely in the interest of capitalism, they have little care for the author or inventor, any farther

than as they can be made subservient to capitalistic enterprise and speculation. And this is true; our copyright and patent laws are shaped mainly to enable capitalistic control to manage the affairs of publishing and of the manufacture and use of patented articles or machines. The interest manifested in the rights of authorship and of invention is too flimsy a pretense to deceive any but those who court deception.

There is, however, at the utmost no power in invention or authorship, to beget wealth to the individual or to society without the constant co-operation of society and of the individual worker. The author cannot exchange his literary wares, nor the inventor even obtain the manufacture of his machine, much less its sale and use, without dealing with or employing others *who have no exclusive rights*, but have to compete with the many unprivileged, and whom the use of the new machine even, or reading of the new books, does not relieve from competition, but temporarily, if at all. The prejudice of the workers against the introduction of machinery deemed so obtuse and irrational by writers on political economy, is based, doubtless, upon the conviction that improved machines, tools, etc., are productive, and enable the controllers of wealth to dispense with so much labor as its increased productiveness represents. It is the stolidity of their own teachings, then, which needs to be corrected, not the blind instinct of the embruted workers, which has taken them at their word. Surely the man with the stone ax, who by its use barely subsists, is justified in attempting to exclude the steel ax from the work,

since it will reduce the necessity for his labor by a hundred fold, and therefore means a fiercer competition and struggle for existence, even if he is able in any way to obtain possession of a steel one. But if he is mistaken, as it may be admitted, were opportunity not engrossed by monopoly, then is their teaching false, and *more rapid production does not beget disproportioned compensation*, because the increased production in the gross is balanced by the reduced ratio in exchange with the products of other kinds of labor, the same as where cheapness of food is caused by an unusually productive season, and which often rewards the producer less than the scanty yield of a less productive one.

If the price of machine-made boots and shoes were to remain the same as hand-made, then society would have no interest in the question, and certainly no justification for granting privilege to the introduction of the machine-made work. Only the owners of the machines would be benefited or interested. But it is because the machine furnishes them cheaper than they could be made in the old way that the many become interested in its success and reconciled to the crowding of labor out of the old industry, to be reabsorbed into the general industries or to create new ones.

To make good the popular fallacy that machinery and tools are productive in the sense that labor is productive, it would be necessary to find them of such material as never wears out, and of a construction which would operate without power, involving perpetual motion. Even then, since labor could construct them, they would be open to its acquisi-

tion, because labor, with access to land, can produce all things, and thus in time all men could live without work, and production would become so universal as to be of no value or interest to anyone. Wealth, or that which we now call so, would be as the waters of the ocean, or the sands of its shores. Farms would produce without labor; factories would run without hands, and materials would convey themselves to the factories to be manufactured, with motive power of their own.

To say that a man can do more with suitable tools than without, is merely saying that he can do more work, or produce more goods in six days than he can in five, for if the consumption of his tools represents the labor of one day in six, or any definite proportion, it is evident he must give that proportion of labor in every six employed in the procurement of goods, to providing himself with tools. That is all. It is true that under division of labor the particular person may not be able of himself to make the tools required by him, but under such division he is able to do some other thing with greater facility than the man who makes the tools, and consequently, since he procures an equivalent for them, he really produces them by his labor as much as if he wrought at that particular trade. If one day's worth of tools are consumed in five days' labor in producing goods, then the goods are the product not of five, but of six days' labor, and of no tool or machine, in any economic sense. To say that the day's work spent in procuring tools is of more value than either of the five days' work in procuring goods with them, is nonsense, since the procuring of the goods is the

purpose of the one as well as of the other. The same is true of all preliminary steps in any production. The tools, the procurement of raw materials, the consumption of other goods required, and every expense requisite is equally important, and equally the product of labor as well as the finally resulting product. In tools, machinery, plant, materials, conveniences, and accessories, there is nothing but labor or its product. To draw a distinction anywhere, and say this is capital, and this is labor, is a "distinction without a difference." It is as unscientific as the purpose for which it is attempted is iniquitous and oppressive.

A blacksmith, for instance, called upon to do a job out of his usual line, and for which he has no appropriate tool, will proceed to make the necessary tool, and then perform the work. He will of course charge for his labor and material, both of the tool and of the thing made. If, however, the tool be one which he may need again, and is likely to prove serviceable in his business, he will make little or no charge for the use of it more than its proportionate consumption. That he would not be able to do it at all without the tool is no reason why he should charge more than the labor and material employed in its construction, or why the hardware merchant, if it is a tool he can readily buy, should charge him more than he charges others, who are under no immediate necessity to obtain one. For the price of *things on sale is governed by the general demand, not by the private necessity*, and if competition were free the smith could not make a profit out of the use of his tools any more than the ditcher could make a profit

out of the use of his pick and shovel, because he could do so much more with them in his calling than he could with his naked hands. He has to compete, not with men with naked hands, but with men with as good tools as he himself has, which they are able to furnish themselves with, or have furnished them by those who need their services.

The same principles apply to the use of horses and cattle. A man can do vastly more with a horse and plow than he can with a hoe in raising a crop of vegetables; but he does not compete with the man who has nothing but a hoe to work with, but with a man whose horse and plow are as good as his. The man with the hoe alone is also needed to complete what the plow cannot finish, and to work in places where the plow or horse cannot be used. Otherwise there would be an over-production of horses and plows, and their wages would be reduced to a minimum, and of course all profit in their use would come to an end, and further investment in that line would prove a loss, not a gain.

Bastiat's instance of the plane of James borrowed by William, rendered famous by Ruskin's "position of William," and by George's criticisms, is a very subtle attempt to prove that tools are capital. It is singular that neither Bastiat nor either of his talented critics thought it necessary to inquire whether the supposed case had any relation to custom. With more than a half century's experience in active life, in which I have wrought in a number of productive fields, I do not remember of any worker paying for the use of a borrowed tool, though nothing is more common than such courtesies among laborers, me-

chanics, artisans, and agriculturists. The rule is the reverse of this. Among farmers, tools loaned are not only loaned without usury, but without compensation for actual wear and tear, and the owners deem themselves fortunate to have them promptly returned, uninjured but by reasonable deterioration. So much for the reiterated platitude that "nothing will be loaned, and no accommodation will be granted without profit" or appeal to a selfish greed, which only seeks personal gain, never social good.

I remember when the first railroad was built in this country. A serious apprehension was felt among farmers accustomed to raise horses, that the disuse of horses in the long lines of stages then required for the transportation of passengers and freight, would render the horse valueless. As is well known, however, the introduction of railroads has increased, rather than diminished, the demand for horses.

At one time it was thought that the sewing machine would ruin the business of the seamstress; but I am informed that, on the contrary, it has so increased the demand for elaborate work on ladies' dresses that more time is required to make the average dress now than at any time before the introduction of the machine.

## CHAPTER VII.

### THE NATURE OF WAGES.

WAGES, and the fund applied to that purpose, were subjects of much consideration by the earlier school of economists. But the later school attach little, if any, importance to the question, but look at every subject as a matter of exchange merely. Mr. George, in attacking the theory of the "wages fund," therefore, revives a discussion which is certainly becoming obsolete. There are still those, however, who think that the theory gives countenance to the popular fallacy that capital employs labor and therefore is entitled to a share of its earnings. Mr. W. H. Mallock has attacked, with a great deal of vigor, Mr. George's exposure of the erroneous teachings of the elder school of writers.

It does not seem to me necessary to discuss the subject farther than to refer to the controversy between these two gentlemen.

The last named has endeavored to show that wages are not paid from any fund whatever, but that their amount is usually added to the capital of the employer before the wages are paid. This is substantially true, and yet the transaction has the appearance of proving that the capitalist has the amount paid as wages outstanding till he is enabled to complete and sell the production which the labor has

assisted to effect. Of this circumstance Mr. Mallock takes advantage to read Mr. George a severe lecture, but, as I conceive, greatly overrates his triumph—even if it were one. For whether wages are drawn from a capitalized fund or otherwise depends upon no metaphysical deduction, but upon what the payment of wages proves to be on analysis. Perhaps Mr. George has not been sufficiently careful in that respect; but Mr. Mallock has not analyzed such payment at all, but treats it as an appearance to be accounted for in the easiest way. What is paid as wages must be either, 1st, *an exchange*; or 2d, *a credit*, or 3d, *an earnest*, in the division of some co-operative product.

Now, if it is an exchange, as I admit it may be, when the stipulation is intelligently and equitably entered into, then nothing could be more stupid and absurd than to say it was paid from capital. Mr. Mallock might as well say that when two men trade horses without either giving boot, they do it each from capital of the other. The workman parts with his labor, or the thing in which it is incorporated, and the employer parts with his money, or substantially the things which the laborer requires for consumption. If it is an exchange, it is precisely as Mr. George asserts—nothing drawn from capital. That could only happen if the trade was specially unjust or unfortunate to the capitalist. Mr. George does not contend that capital in that case might not be so reduced by wages. The payment of wages may also be a credit, but not if it be a real exchange, unless the wages, indeed, were paid in advance, but such is not a usual custom; the laborer, on the other hand,

is the creditor advancing the labor for a day, a week, or even a month or more.

The hewing and laying of the keel of a ship, to use Mr. Mallock's illustration, is one step, and a very important one. Certainly, the builder who constructs the ship has the same amount of capital for the purpose of building ships as he had before he paid the wages of the shipwright, and the cost of material, etc., for the keel. And the keel so purchased is as a keel as truly consumed when it receives the transom and ribs, as is the ship when it is completed and purchased for a commercial or other purpose. If not so, than no step is appreciable till the last day's requisite work is done, and the workman who performs that service in that one day's work actually renders to the owner *all* the capital put into it, with the profit or loss as the venture may have realized.

Doubtless, risk attends ship-building and every other industrial enterprise; but that is not the question at issue, but simply whether the capitalist, as the operator may be termed, draws upon his fund in paying wages to a greater amount than he draws upon the capital of the laborer, his labor. If it was a question of paying advanced wages, then it might be justly claimed that the employer supported the worker by supplying the means to purchase food and necessaries while he was at work. But Mr. Mallock does not make this point, nor would the usual custom justify any such claim. On the other hand, the means to support life and enable the man to work a week or a month are owned by himself and expended before his wages are received, to say nothing of the

means of bringing up and educating the man to do efficient work. Most certainly, then, viewing it from its simplest economic aspect, the employer draws not from a fund of his own, but from a fund of the laborer's, and that before he pays any wages at all, and the utmost he does is to return the capital the worker has expended. This argument proceeds upon the ground of an exchange, which in its very nature precludes any conclusion other than that in the transaction equivalents are transferred, and that *as much capital passes to one side of the equation as to the other.* The matter of risk is another and wholly different element with which the nature of wages has nothing to do in any way. *An exchange, in the estimates of the parties, covers all risks which each may run in parting with a staple or speculative value.*

There is another view of wages, however, and which I think will apply more generally to payment of hiring labor than either that of an exchange or a credit. Its nature is that of an *earnest of ultimate co-operative division.* In this sense only can Mr. Mallock's idea that wages are drawn from a fund have any logical foundation. And then, they are not drawn from the fund of the operator or capitalist, as he supposes, but from the fund of the co-operative movement, which every industry is in which numbers are engaged in any line of production, and as we have seen, are drawn originally from the capital of the laborer. We would gladly welcome Mr. Mallock to the industrial side of this great problem, and to that he must come or abandon the notion that wages are paid from any capitalized fund whatever.

The only possible circumstance under which I can

conceive that a man draws upon his accumulated means to pay wages, is where he elects to pay a body-servant, or some favorite, to do things which are of no utility and have no productive result. But surely any such plea as that thought suggests cannot have been intended by either of the gentlemen as bearing upon the points raised.

Another of Mr. Mallock's criticisms, relied on by him as thoroughly demolishing the positions of the reformers he attacks, can be properly alluded to in this connection. He endeavors to show that while Adam Smith admits that in the primitive stage of society the natural wages are the entire product of labor, it is only in that primitive state that such is the case, and that the moment accumulations take place, and a fund is set aside to pay wages, a change takes place in the position of the laborer to his work, which reverses his relation to the production, and that to realize again the condition under which he can have the full result of his production is to resolve society into its original elements, relapse into savagism, and again go gathering nuts, picking berries, dwelling in huts and caves, and dressing in the skins of wild beasts. The illustration, which he seems to think quite settles the point, is of Mr. George's own showing in regard to the year 1877 in the San Joaquin Valley, where, although there was great scarcity of grain on account of a failure of the crop, when the rains came and a future harvest seemed assured those who had hoarded their grain became anxious to sell, and so the grain thus held supplied the need of the cultivators, "set free, in effect *produced*, by the work done for the next crop."

Now, although Mr. George might deserve castigation for so careless a slip of the pen, if he used the phrase in the sense Mr. Mallock gives it, it is certainly very unfair in Mr. Mallock to parade this assumed misuse of language as conveying the very gist and kernel of Mr. George's reasoning. It does nothing of the kind. The sense of his paragraph would have been just as complete and conclusive of his position if he had left out the word "produced," and merely said that the grain was "set free" by the fact of its being known that plowing and sowing were going on in the valley with every prospect of an abundant crop.

To assume that he meant that "this year's plowing produces [in an industrial sense] last year's crop," as Mr. Mallock asserts, is torturing an opponent's words in a manner wholly without excuse. The most that Mr. George could have intended was that the grain was from this cause brought into market, and may be said to be produced in its technical economic sense, *i. e.*, in the market at the time. My object in these references is not to defend Mr. George, who is abundantly able to take care of himself, but to show how utterly Mr. Mallock fails to prove, what the whole tenor of his book assumes, that landlordism and capitalism are essential and effective agents in human progress and enterprise.

His illustration of dates and the "crystal, which is two days' climb amongst the mountains," proves the very reverse of what he offers it to prove, for the dates are natural productions, and so is the crystal. The savage has only to gather either. The desire for the possession of the crystal incites him

to gather two days' supply of dates instead of one, and thus capital begins. But surely the whole result of the labor still belongs to the gatherer and climber. Only when we suppose this two days' supplies to have been in the hands of another, under free access to the date-trees and to the mountains, could we intelligently inquire what would have occurred under sensible and honest dealing between the two, if they sought to co-operate in the manner supposed. The crystal seeker would not have given more than the results of one day's search, or half of his two days' search, for the two days' supply of dates, for he would say to the holder of the dates: "It will take me one day to gather the dates, and there is no reason why I should give you more than that proportion of what I may obtain." As the gathering of the crystals is a comparatively new industry, and requires some moral determination and persistent purpose, the probabilities are that the crystal hunter, rather than the date-gatherer, would claim a difference in his favor. This view, which accords with Mr. Mallock's idea that the higher forms of industry dominate and control the division of labor and the increased production resulting therefrom, through "the directors of labor who begin exactly where their fathers ended," while "the laborers begin exactly where their fathers began," disproves fully any claim of capital to limit production even in form. No intelligible definition of labor, however, can be confined properly to that of men who begin exactly where their fathers began. The directors of labor are those whose intelligent and fruitful labor opens new paths to industry and discovers new uses in the materials

coming under their inspection, as well as new devices and the invention and application of improved machinery.

Instead of proving, as he sets out to do, that capital is a productive force and "can go on increasing and increasing whilst the quantity of labor remains stationary," he simply proves that this is all due, not to capital at all, which ends where it begins always, but "to machinery and the direction of labor," as he himself states. What I have to say about machinery will be found under another head; but I may remark here that machinery springs not from capital, but from the labor of the inventor and mechanic, and both the working of the machine and the direction of the manual labor are labor both of hand and brain, machinery being only a department under the organization of labor. It is this higher form of labor, associated, but only when associated, with the humbler, but equally important, manual labor, which brings out the hoarded wealth of the past or "previous labor," as Mr. Mallock terms it—and which it is—and sets it in motion, giving it all the value it has. It is inert material as really as the earth or any substance derived from it, and has no more to do with productive industry and its results than has the granite in the quarry to do with chiseling and erecting itself into a fine Corinthian column. That is done by the designing mind and cunning hand.

But let us refer again to the man of the dates and crystals. We have seen how improbable it would be that, in any division of labor in which the crystal hunter sought the co-operation of the holder of the date capital necessary to enable him to spend two or

more days in the mountains, he should be willing to give the capitalist any more than an equal proportion of his crystals. By contract, it is true, they might make the deal unequal; but the usual arrangement would doubtless be as I have supposed. I can tell Mr. Mallock, however, just when capital, in his sense, would appear, and "go on increasing and increasing, while the quantity of labor remains stationary," and it need not wait for the development of higher forms of production and complicated machinery to be able to limit labor either. Let one of the date-gatherers get a law passed inclosing the date-trees, and vesting the title in him, or, in a more primitive way, let him, if stronger physically, or if possessed of a more cunningly devised war-club, reduce the other to a state where he becomes willing to enter into an agreement to acknowledge as private property of the victor all the date-trees within their knowledge, and as well the mountains where the crystals are found, and though there will be no greater quantity of labor performed than before, the two gathering each his day's supply, yet since the subjected man will yield the stronger one-half of his gathering, there would soon arise a capitalized fund which would support a man in hunting crystals not two days but a week, month, or year. This the capitalist would loan the other on the certainly liberal condition that the finder should give him one-half that he found as proprietor of the mountains, and a fourth for the use of the dates required. Thus a fund of crystals would arise, which would be more durable and available for more purposes than the perishable dates, and become, it might be, a general,

if not legal, tender. Thus we have capital produced and conserved. But what is it? Simply withheld wages, and which the capitalist is enabled to hold because, and *only* because, as a landholder *he can keep the other from the date-trees and from the mountains*. And his only purpose in playing landlord as to either is to be enabled to do that very thing. We may follow up any industry, of however complex a character, and we shall find no place where capitalism can come in, except as a usurper. By conspiring with the directors of labor, the men who organize and distribute it, the capitalist may make himself necessary to the progress of any line of production, and so pretend to limit its particular form. But in every instance it will be found to depend upon his ability to engross possession of the land, or to avail himself of some class privilege or property right, which is a creature of special statute or of some state device, to shield a class from the operations of economic law, and the competition of those who would otherwise destroy their monopoly and expose the groundlessness of the assumption of a capitalistic increase. We can now see how the directors of labor begin where their fathers ended, while labor has to begin anew.

## CHAPTER VIII.

### PRIVATE GOODS AND SOCIAL WEALTH.

ONE of the first observations we make in regard to things that we esteem is that they are found to be either in the possession of private persons or are open to the enjoyment of all. Before any question as to whether certain things may be called capital or otherwise, the question arises as to the use they perform, and whether such use is particular or general, private or social. In the classification of the economists, wealth is generally treated as capital, which is by some made to include land and labor as well. But capital, as thus defined, becomes clothed with kingly prerogatives which can only be recognized by industry to its own enslavement. Only recently "persons" were capital, and its usurped rights were exercised over them with unlimited force. Even then, however, labor was acknowledged as the creator of all social wealth, and as we proceed it will be made to appear more and more clearly that the false forms of pretended capital, so far from being social wealth, are but subtle devices clothed with legal forms, for definite purpose to abstract social wealth to personal uses, and make it private.

By applying a simple test we shall also find what is really wealth and what is only a counterfeit, but which is made to pass current in trade, since the

parties interested in circulating these false tokens by some strange infatuation of the people are enabled to have them stamped with the seal of the state and their claims enforced by the sanctions of statute law, and the whole power of the government. If we examine into the forms of what, for the sake of distinction, I will call private goods and social wealth, it will be discovered, what will appear at first a little surprising, that everything which commands *increase*, independent of work, belongs to the former class, while nothing that belongs to the latter, *if we exclude the land and labor*, will be found to have that quality or capacity in any degree whatever.

SOCIAL WEALTH consists of all those forms of production, in whatever hands, which promote the well-being of society; the garnered fruits of the earth, which serve for food, raiment, and shelter to its inhabitants, enabling them to subsist, to labor for the production of more fruits, and in the social and intellectual fields to promote the progress and richness of the social life. Even economists do not contend that anything employed in any of these ways is capital, or what they are pleased to call an "economic quantity." I should except, perhaps, education; though, on reflection, it will be seen that this, when it becomes exclusive, and, therefore, may be said to beget an increase, is a private rather than a social possession; since, if all had equal opportunities of education, the advantage in any pursuit which education would confer would be trifling.

Society has property in whatever adds to the general good. Finely improved grounds, with a picturesque arrangement of trees, shrubs, and flowers,

are social wealth, although it may also be enjoyed as private property; because it adds to the prospect open to all, and gives enjoyment, through the sense of sight, to others, as well as to the owner. A well-built house, which adds beauty to the landscape, is to that extent social property. All forms of wealth which are placed within the circle of exchange are social wealth, since they add to the supply which members of the society require.

Any of these may be also in private possession at the same time. Private wealth and social wealth do not necessarily exclude each other in material things. *The land and all its opportunities, and natural productions, are social wealth;* but not exchangeable until they have been privately appropriated or allotted.

PRIVATE WEALTH, or goods, consists of all those things which are privately appropriated and used, of a material character, and of all those rights over things which society recognizes and enforces, whether wisely or unwisely.

The latter class embraces those forms of private wealth which yield income without work. Without labor no income can be had, of course, as that creates all wealth; but it is from the labor of others that the capitalist is yielded an increase, and not otherwise.

A distinction between private and social goods is seen in the nature of their use or service. That which serves the personal use only may be said to be private. That which serves social use wholly or mainly is social, while that which serves both a social use and a private use as well is both social and private. Another distinction important to be drawn is that the existence of wealth wholly social

has an interest for the private individual; while that which is wholly private need have no interest for society. For example: If social wealth is destroyed the whole people suffer each a loss corresponding to his personal interest, or as a member of the society. On the other hand, the destruction of *purely* private property, under capitalistic domination, is often not a public loss, but a public gain, as we shall see.

Private property, under existing capitalistic institutions, is largely the creature of law. Some of this law is consistent with natural law; but a large proportion of it is entirely inconsistent with any natural principle of law whatever. For instance, that which makes property of the land dependent on a commercial sale, and registered deed, and not upon occupation and use; which falsely assumes ownership of what one is not in possession of, but another. That which enforces, against the ignorant and incompetent, the fulfilment of contracts they did not understand, and were unqualified to make. That which enforces payment for privilege of any kind, whether of tilling the land or of employing the productive forces of nature in a way to produce wealth.

We have seen that social wealth was not of a kind to yield increase without labor, unless we embrace the land in that category, which is not productive without labor in any economic sense; that all forms of wealth or capital, which yield such increase, are also private property; and we shall see that these are all of a class whose destruction would not reduce by one farthing the social wealth of the world. In 1860 there were some \$2,000,000,000 worth of private

property in this country, in the form of rights to "chattels personal," belonging to a class of capitalists in the southern states of the Union. For want of manly statesmanship on either side to treat the issue which then arose in a rational way, civil war resulted and *the institution* was abolished as a war measure. Now, this was, doubtless, a great hardship to a few individuals, but by the destruction of these two billions of property no social wealth whatever suffered. There was just as much land, just as many laborers, and just as much capacity of production, and just as much food, raiment, and shelter as before. If war reduced property in either section, that stands to the account of the war, not to the fact that slavery was abolished. It is now admitted, I think, that the landholders, with their lands retained, are better off than they were *with both their land and slaves*, and by the cultivation of the same land and the same capital realize better incomes from hired labor than they ever did from slave labor. As capitalists, however, they had this complaint to make, that it gave the newcomer an advantage, for, with the same capital in land, tools, seeds, and improvements, which the former slaveholder possessed, including slaves, he could work more effectually, as he would have the amount formerly invested in slaves, to increase the extent of his plantation, and the effectiveness of his management.

But what is true of the property in slaves is true, also, of property in land, considered and administered as trading capital. This, like slavery, depends wholly on municipal law for its existence, and if abolished by proclamation to-day could not in any way affect

the productiveness of the land or the effectiveness of the labor. The testimony of all authority, as well as experience, is that the land which is owned by its cultivator is the most productive. But besides title deeds, which confer dominion without occupation, we come now to a large class of private property which is even more shadowy, but which has the power to lay labor under constant and most onerous contribution. I refer to mortgages and the numerous evidences of debt, which are made commercial capital and have no purpose or use except to draw rent or interest from the annual productions of labor. It would be instructive to get at the real extent of this form of capital ; but unless the people are prepared to act upon the subject by the knowledge which is involved in every-day experience, and in nearly all business transactions, and must be generally familiar, it will be of little service to give an array of tabulated statistics, showing the actual amount, and which is constantly increasing. But for failures and bankruptcies, which are constantly going on, and which are owing mainly to the absorption of this system, they would soon far exceed the entire social wealth of the country in nominal value. Macleod estimates the amount in England at more than \$30,000,000,000. And they now quite equal in this country the value of everything but the value of the land, which is itself a fictitious value, created by our law of land. In addition to the large properties which are rented in city and country, a large part of the farms, workshops, and dwellings not rented are under mortgage. There are the bonds of the national, state, and municipal governments, a vast sum which draws interest

from labor, which has discharged its public duties, to pay capitalists for shirking theirs. Our political system enabled the capitalist to create annuities for themselves out of the disasters of our civil war, while it took the service of the laborer, artisan, and clerk, at a bare subsisting stipend, and their lives as a sacrifice to the integrity of the union. Then there are the bonds of the railroads, three and a half billions, and their stock, four billions more, much of which represents no actual wealth, but which is empowered to draw the customary increase. Then there is the whole bank circulation, which is let out to business and mere speculative enterprises, upon which the banks draw interest, at the same time drawing from the government interest upon the bonds, upon whose security the circulation is based, as if two men should exchange notes, and the one whose credit and responsibility alone gave value to either were to pay the other interest on both.

All the above-mentioned forms of capital, if wealth at all, are private, not social wealth, and they might be all burned to-morrow without destroying the least portion of actual wealth, except as to their value as waste paper. And they will all cease to be property or capital at any moment when the municipal law shall be annulled which made their existence possible, or the power of the state to enforce these artificial rights be withdrawn. It can certainly require no further argument to show that these forms of wealth which alone yield increase are the creatures of the municipal law, and have no foundation in the law of exchanges or of social comity.

That people might be indebted to one another

under strictly economic law may happen. But society has nothing to do with that, except to see that no wrong is done by it. It cannot guarantee increase, because that can arise from nothing which society can recognize as wealth. Exchange refers to the interchange of commodities. An agreement to pay a certain sum of money at a given time, except it constitute an exchange, is not a social act, and society cannot be properly asked to enforce it. If there is an exchange, and property is given for the note, then the *note is payment*, as shown conclusively by Macleod, though not "satisfaction." The two have made their bargain, and we must presume it is satisfactory to both sides. If either party has deceived or misrepresented the nature of the thing he has exchanged, whether the commodity or the promissory note, then, and then only, it becomes a matter for social arbitration. If they had "swapped horses" in good faith, and one of the horses should die shortly after, or turn out valueless, the law would not interfere to rectify the mistake. No more should it if a note taken in payment turns out worthless. Only upon the ground that fraud or misrepresentation has been employed has society any excuse for interference. Already the logic of this position is recognized by our bankrupt laws, and in our statute of limitations which refuses to enforce collections after a certain time has elapsed. But as to enforcing the collection of any interest or increase, society cannot do it, however solemn and formal the contract, without becoming the ally of a vice which is destructively unsocial and antagonistic, as well as economically absurd.

In the distinction between social and private

wealth, we have the natural limit of societary interference in regard to property. Society is under every obligation to guard the common weal. It has nothing to do with strictly private goods, or private rights, except to protect its members, in the enjoyment of them, or such of them as are clearly within the realm of natural law. It has nothing to do with the creation or bestowing of these rights. Any such attempt betrays usurpation or conspiracy. The utmost it can lawfully do is to define those rights, and their limitations. It cannot broaden or extend them in any direction without encroaching upon and subverting the social right. It can only confer a franchise upon one to assume an exceptional control by sacrificing the social right, or subjecting other individuals to be plundered and wronged.

Having shown in what consists social wealth, as distinguished from private wealth, let us see if we can trace the history of its production or increase. We have placed land and labor in this category for convenience in making clear the distinction. Really, as we shall see in the section on capital, they are the only natural capital. In speaking of the increase or production of social wealth they are necessarily excluded, since neither can be said in any economic sense to be produced or procured. The extent of *private* production of goods is very narrow. By himself a man can do little to increase his store. However a Crusoe might succeed on an uninhabited tropical island, he found the association of another, even an ignorant savage, a very desirable aid. In artificial society the individual is still more dependent on social co-operation. So accustomed are we

to reap the benefits of social life that we seldom reflect upon the advantages we derive from it, even in the supply of our most constant needs. On reflection, we shall find that but a few of them are supplied by our own direct, unaided effort. The simplest productions are the result of a combination of labors. And yet the individual, particularly if successful in obtaining a large control, is liable to think that he does it all. How little he does, and how much depends on the assistance and co-operation of others, is seen in the simplest exchange. The thing itself he wishes to exchange has been produced with the assistance of a number of persons. Then the thing he desires in exchange has been produced in like manner by a number of conjoint efforts. Again, the services of the dealer, the forwarder, and the carrier are all requisite to the exchange which he makes. If one of these fail the exchange fails.

Now, in carrying on an extensive operation of course these combinations become extremely complicated. The more numerous are the services required in the production, and still more numerous the services in providing the things or means to maintain the demand. Hence, it is mutual needs and mutual services which make any important transaction possible. Not only, therefore, is all productive industry co-operative, but all exchange. It may be to the interest of individuals at any point in the circle of production or of exchange to ignore the social claim, and extend the individual right or control, so as to force unequal division; but it must ever be the social interest to guard the social control by such limitation of the individual as will

make the division, as well as the production, operate conjointly and equitably.

Herein lies the true, because natural, basis of co-operation. It has ever been present in the production of the goods of life, and has only failed in exchange and division of these goods by falses in the treatment of the productive factors, and by the subjection of the social wealth to private domination. By the creation of rights, based on false premise and pretended contract, the division of the results of social production has become most iniquitous and unequal. Under the pretense that an enterprise requiring numbers to prosecute it is private, not co-operative, a system of division has been adopted which for injustice is simply defiant of all sense or logic.\* The many who do the work are paid such wages as the market compels; the one or few who do the planning and furnish the plant take the balance as profits, interest on stock, or rent of premises. The man who invests his labor and perils life, as in the mines or manufactories which tend to shorten life, is paid a certain rate of wages as long as he works, and no longer. The man who furnishes plant or rents the land or loans the money not only is paid for whatever service he renders, but becomes entitled, under pretense of having contributed productive capital, to share in all future production of the venture, and his children after him to endless generations.

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\* The practical consequences arising from the condition of industries in this and other countries are not such as, for my part, I should find it easy to reconcile with any standard of right generally accepted among men.—PROF. J. E. CAIRNES.

But surely something is due to all this plant, and to the service he has rendered in promoting business and giving employment to labor! That there is a demand for this particular production is an essential presupposition, so that *he does not give* his workmen employ, or even himself. Social or co-operative industries have alone made this possible. This is wholly independent of anything on his part, or that of his co-helpers, except as they may become purchasers and consumers themselves of the joint product. An entire half of this industry, then, is wholly independent of the operator, toward which he has contributed nothing. As regards the supply, let us analyze carefully the steps taken, and the nature of every element involved. We will suppose it is the mining of coal, so as not to confuse the mind with too complicated relations.

In the first place, the land under which this mine is situated is the social heritage. It may have been devoted to agriculture, and while cultivated by the proprietor may have been regarded as private property. But it is now used as a mining property, and as such is a social one, for one man can do nothing in the business except, perhaps, to dig out a few coals for his own use. He must have helpers, associates, or co-operators. This is not a matter of choice, of trade, and agreement, which he and they can determine by private negotiation. It is only as to the particular persons who shall join him in the work that there is any election. He must have others to co-operate with him, or there is no production. Now, can any such compensation as the capi-

talists receive be awarded to the other co-operators or joint producers?

The question of comparative compensation does not arise here. The one is wholly different in character from the other. The management and superintendence may be vastly more useful than that of the common labor; it is labor still. That does not touch the question. The salary might be a princely one, and yet not involve the inequity under review. This is not a salary of a person or worker, but of an *inert thing*, for which the fraudulent claim is put forth of being a producing means, or factor. The risks of the venture may be guarded against by insurance, paid from resulting production, and all consumed material may be replaced, and yet, under the false system of division, an income to the holder of the property will be adjudged which will nearly or quite equal the entire wages of the employees, not for one year, but indefinitely.

Quite recently, a considerable manufacturing concern, under the guise of a "community," claimed to have "solved the labor question," though, really, they had only ignored it. In their annual report they showed that they had realized for the community no more than they had paid their employees; and since the community, men, women, and children, were about the same in number as the operatives, most of whom had families, however, they deemed it an instance of fair dealing and equitable division worthy of public notice and imitation. Following the suggestion, I instituted inquiry among several manufacturing establishments, regarded as successful, and was surprised to find that in nearly every one the

account of profits coincided with tolerable accuracy with the wages account, however large or small the number of employees.

That such results can be shown may to some minds afford evidence that the inert capital should receive a share in the division; but we must remember that, although some industries protected by the state under patent right or corporate monopoly will show a much greater share to false capital, often yielding to one thousand dollars annually as much as to the entire year's work of a man, a great majority of the enterprises in business not only yield no return for the use of tools and plant, other than to keep them whole, failing in many instances to do even this, but reward the toil and application of the operators with a bare subsistence. And hence the struggle for *first place*, in every profession or occupation, and for governmental protection against competition, which *would not take place if capitalized goods yielded an increase*. For, in that case, every holder of goods would be in possession of an income without work or business of any kind, as is a holder of government bonds or other funded obligations. Such parties could not fail in business or come into competition with each other.

This plea of the productiveness of wealth is evidently an afterthought of capitalism to justify what is rationally and economically unjustifiable, and to cover the naked deformity of profits, interest, and rent, which had their origin not in any principle of mutual reciprocation, but in a forceful domination, in cunning false pretense of service, and the down-right trickery of trade. It could by such means

only divert attention from the plain truth in the matter, which is that the whole of social production is co-operative toward which the employees have contributed each a certain number of days' work, and the proprietors or operators a certain number of days' works, or the products of a certain number of days' works. And this is conceding that the tools, plant, and other items contributed under the name of capital are really the products of their holder's labor; whereas, it is well known that they are more commonly the withheld shares justly due to labor in previous operations. But we need not complicate the present illustration with that consideration. Now, with the contributions as above stated, who are the producers and, therefore, owners of the new and resultant production? Unquestionably the contributors, in proportion to what they have contributed, which is co-operation. Any other division, though it may follow co-operation in production, is exploitation of one class by the other. In a just division, the furnishers of the plant would receive again, as their share, the plant, at such estimate as will cover their decrease in value, and the wear and tear of tools, machinery, etc., which have been converted into goods. Thus to each day's work contributed a day's product will be awarded; a day's work signifying not so many hours' labor of each, but that proportion which such labor bears in utility to the whole number of days' work performed or contributed.

But, if the capitalist should claim something over and above what he has contributed, then should the labor of the worker have something over and above

the product of his labor, which is an absurdity. Thus we arrive by another and independent course of reasoning to the same conclusion, that for any one to withdraw from any co-operative production more than he has put into it is irrational as well as unjust, for no reason can be given why one who has put his labor into the current process should not receive an annuity from that as well as the one who has put in the product of the labor of former years. The impossibility of carrying out such a plan proves the error of awarding profits to investments of any kind. The question of inducement to engage in productive enterprises, and the claims in regard to time and use of the reproductive forces of nature and of exchange, are sufficiently discussed under the sections in regard to rent, interest, and profits.

The last resort, in support of these self-contradictory claims, is the sacred nature of contract, and the fact that the worker, having contracted with the operator to regard his daily wages as a full settlement of his claims as a copartner in the co-operative production, therefore the division is equitable and just. It will be readily seen, however, that such contract is void for several reasons. In the first place, it is made by the employee in ignorance of his rights, and not as a sale of his interest in the business, but as wages. If one partner were to make certain weekly or daily payments to another partner, that would not prevent the latter from claiming his share in the ultimate division; certainly not, unless it was so expressly stipulated. In the second place, the contract is made under duress. The worker being evicted from his natural inheritance, the land,

is not in a position to make a binding contract. He has no other opportunity of employment, but such as he is compelled to accept from him who has usurped the dominion of the land, his natural inheritance. He has no resource but to sell himself and labor at such price as the holder of his patrimony offers. The reasoning which urges the *wage* contract is nearly akin to that which placed in our national compact a clause about "persons held to service," itself a relic of the barbarism which attempted to justify slavery, on the civil ground of contract. I do not say that wages, under equitable conditions, might not be a tolerable method of division of the results of co-operative industry; as where a man was in possession of sufficient land to employ his labor, and where the principle of copartnership had become the ruling one in the line of industry he engaged in. A contract, under such circumstances, might be intelligently made, but under monopoly of the land and consequent capitalization of goods and money; it would give not the remotest intimation of any rule which science or equity can recognize. It results not only in giving an extremely low or an extremely high proportion for services of equal utility, but it is governed by no principle of reciprocation, or even by demand and supply, though often by the sheerest arbitrary will.

In treating of the production of social wealth we have necessarily referred to division and exchange, as they are connected with it. If present division is correct and scientific, then it must be admitted that production proceeds from capitalization of goods and not from human co-operation, as I con-

tend. In the natural sequence, production stands first, then ownership, or the division of the product among the co-operators. It is not till after the goods have been produced and the division has taken place that exchanges can take place; because, till then, no one has anything to exchange. Agreement may be made, it is true, in regard to things in course of production or in contemplation. But it is the goods, after production and division has taken place, which are really exchanged. Exchange, therefore, can have no place in determining who has produced the goods, or how they should be divided, since all that is decided before they enter its circle. That the prospect or opportunity for exchanging may have the effect of stimulating certain lines of production is true; but it is only when they are produced and the ownership determined, by whatever system of division, that they come under the rule of the commercial principle. So that, however exact and unquestionable the "science of exchanges" may be, and in proportion as it is exact, will the question of industrial production and its ownership be beyond and independent of it, and the more important will become the problem of determining the exact relation between private goods and social wealth.

## CHAPTER IX.

### LAND OWNERSHIP.

THE proper distribution and control of the land is the most important subject of a political or economical nature to which any people can direct their attention. Upon the accuracy of its solution depends the degree of civil and social development to which they will attain. Politics, civil law, and social economics will all be shaped and colored by the system of land tenure. It is not appropriate to the scope and limits of this treatise to enter into an investigation of the various theories of land ownership which have obtained in the world. We can only give them a passing allusion in our endeavor to ascertain what principle of law underlies them all, and how this has been gradually developed in the general history of land tenure.

That originally the right to enter and enjoy the land was the common birthright of the people of any and all countries is taken for granted, no one contradicting. Blackstone says, "There is no foundation in nature why a set of words upon parchment should convey the dominion of land. . . . While the earth continued not densely populated, it is reasonable to suppose that all was in common. Thus the land was in common, and no part of it was the permanent property of any man in particular; yet

whoever was in possession or occupation of any determined spot of it acquired for the time a sort of ownership, from which it would have been unjust and contrary to the law of nature to have driven him away by force ; but when he quitted the use or occupation of it another might take possession of it without injustice to anyone.”

Says John Locke : “The earth and all that is therein is given men for the support and comfort of their being, . . . and nobody has originally a private dominion exclusively of the rest of mankind.”

Say says : “It would seem that lands capable of cultivation ought to be regarded as natural wealth, since they are not of human creation, but nature’s gratuitous gifts to man.”

M. Ch. Comte says : “These lands (extended tracts not yet ‘converted into individual property’) which consists mainly of forests, belong to the whole population, and the government, which receives the revenues, uses, or *ought to use* them in the interest of all.”\*

It is wholly unnecessary to examine the grounds which are given by economists and writers on civil law as to the basis of private property in land, for they are so contradictory as to be really self-destructive. Possession remains *possession*, and can never become *property*, in the sense of absolute dominion, except by positive statute. Labor can only claim *occupancy*, and can lay no claim to more than the *usufruct*. If labor gave a property title to the land in any such absolute sense, then it would oust all

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\* Proudhon says of this reservation, “ It saved the telling of a lie.”

other proprietorship than its own; because, without the continuous application of labor, land has no value. The "right of discovery" is not seriously advanced now, although it was the basis on which this continent was parceled out. We shall see, moreover, that *private* titles to land have arisen in none of the ways which have been relied on for its justification, but in a manner inconsistent with each and every one of these hypotheses. Comparatively late investigations have proved beyond all question that private property in land has been developed in all modern nations from a *collective* ownership. Sir Henry Sumner Maine, in his "Village Communities," summarizes the results of his own investigation, as well as that of other recent authors, thus: "It would seem that light is pouring from many quarters at once on some of the darkest passages in the history of law and of society. To those who knew how strong a presumption already existed that individual property came into existence after a slow process of change, by which it disengaged itself from collective holdings by families or larger assemblages, the evidence of a primitive village system in the Teutonic and Scandinavian countries had very great interest; this interest largely increased when England, long supposed to have had since the Norman Conquest an exceptional system of property in land, was shown to exhibit almost as many traces of joint ownership and common cultivation as the countries of the North of the continent; but our interest culminates, I think, when we find that these primitive European tenures, and this primitive European tillage, constitute the actual working system of the Indian village commu-

nities. . . . One stage in the transition from collective to individual property was reached when the part of the domain under cultivation was allotted among the Teutonic races to the several families of the townships; another was gained when the system of ‘shifting severalties’ came to an end, and each family was confirmed for a perpetuity in the enjoyment of its several lots of land. But there appears to be no country inhabited by an Aryan race in which traces do not remain of the ancient periodical redistribution. It has continued to our day in the Russian villages. Among the Hindoo villages there are widely-extended traditions of the practice, and it was, doubtlessly, the source of certain usages, to be hereafter described, which have survived to our day in England and Germany” (V. C., pp. 61, 62, 81, 82).

Law, as it practically affects society, has been developed as the result of two tendencies which operate to modify, if they do not limit, each other. The first is the reason derived from experience, which begets general consent to such certain “rules of conduct” as are discovered to be necessary for the well-being of the family, village, or other social aggregation. The other is the desire for dominion, the assertion of the *will* on the part of the individual, class, or party, according to the form of the controlling power.

True law, we need hardly say, is that “rule of action” which conforms to justice and equity. “No human laws,” says Blackstone, “are of any validity if contrary to the law of nature; and such of them as are valid derive all their authority, mediately or im-

mediately, from this original." But since the progress of society is one of growth, in which a knowledge of nature's laws is gradually discovered, and still more tardily applied, we can expect to find only such principles of law applied in primitive societies as are readily seen and comprehended. Under the mere rule of will we may also expect to find often utter perversion as well as ignorance of these laws.

History does not enable us to trace land ownership to its primitive source. In the earliest stage known to us, we find the household under control of the unlimited authority of the owner, including alien slaves, with power of life and death over all, notwithstanding the equality which existed between the owner and the numerous proprietors of the common domain.

The present purpose is to inquire into the nature of this early system of holding. The ownership of slaves had been effected through ignorance or very imperfect application of natural laws, and of that complex social relation of all human kind which at a later day has been recognized and to a certain extent applied under civil rule. The testimony is conclusive that the form of land ownership earliest known to history was that of a common possession. The law relating to this ownership has come down to us unchanged, materially, through all the revolutions in systems of civil and political rule, and through all the mass of enactments and decrees with which legislatures, monarchs, and courts have encumbered the various systems of jurisprudence. That private ownership followed closely the recognition of the common right to land there can be little doubt. At

first it may be that a community of goods existed along with community of the ownership of the land. But this must have been soon followed by the setting off a *mark* for the village, in which each family had a separate home. Over this and the lot it occupied, it had dominion, as nearly absolute as any right can be. Then came the arable *märk*, in which each householder had a lot in each of three several fields; two for the rotated crops and one for rest, or the fallow. These lots were used by the householder for his own and family's behoof; but was subject to the control of the community, which required uniformity of crops and of culture. The fallow, and even the stubble, of these fields were subject to be pastured in common, as well as the balance of the domain, which was embraced in the common mark.

It would seem that private occupancy of the land, to the extent we have seen, was nearly coeval with that of private movable property, property being used not in what economists and jurists term "the highest form of property," but rather that which constitutes possession or ownership merely. That separate holding should follow common ownership was inevitable. Otherwise society would have become petrified, and all progress arrested. There is a tendency in the community to develop a despotic leadership. This, in early times, took on a form of hereditary rule, even where the elective franchise was retained. R. B. D. Morier shows\* that there existed a strong tendency among the Teutonic races to convert a "*public duty to a private right*," and

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\* Agrarian Legislation of Prussia.

that monarchy and private dominion grew up from the same root, so nearly related that it is difficult to say where the one becomes distinct from the other.

From the village community colonies were formed, and occupied unappropriated lands, the mother village assuming and exercising a certain control over the daughter villages. This, in connection with military authority and rights of conquest, resulted in the formation of the manor; and, finally, in the medieval feudalism from which the English land system particularly has been derived. In accordance with the monarchical assumption, a legal fiction was invented to give validity to usurpation of the dominion of the land, by the custodians of popular rights, in flagrant betrayal and violation of their trusts, and all titles were, through this pretense, derived from the crown.

When this country declared its independence of Great Britain, the proprietorship, as regards the public domain, was assumed to be in the whole people. We see now that, so far as dominion over the land is concerned, the political and civil basis is the same. A sovereign presupposes a domain. Sovereignty and proprietorship of the land are inseparable. So that, in parting with the proprietorship of the land, the people have virtually abdicated their sovereignty, or rather our public servants have betrayed their trusts, and have converted what was a public into a private right. And our courts, instead of enunciating and applying the natural laws of the subject, have deferred to the English common law and the Roman civil law, both of which, through forced interpretations, as regards

the dominion over the land, are but a perpetuation of the barbaric and brutal usurpations of a semi-savage age.

Political equality, as well as equality before the law, are practically impossible unless the common right to the land is recognized and secured. The conservative instinct which, under popular forms, sought to confine the elective franchise to real proprietors, was legitimate under the state of the land system, as it has been allowed to exist. The mistake consisted in the admission of a system which permits any person to be deprived of his portion in the ownership of the land who has a voice in the direction of public affairs. But we wish, now, to look at the results which followed the application of labor under what appears to have been the primitive form of ownership, equal rights of occupancy, even where separate holdings had arisen. In the simple community, each contributed according to his ability, and received from the common fund according to his need; but as soon as separate property was recognized in movables, separate holdings followed as a necessary consequence, especially in respect to so much land as was necessary to the private home. The great domain was still common. The arable mark, even, was subject to the control of the common will, as to the kind and rotation of crops. Under feudalism and the "divine right" the crown lands still remained common, and it is only within a century or two, under "the Enclosure Acts" of Parliament, that in England, even, the common or crown lands were wholly given up to the dominion of a class to the complete exclusion of the people.

Under equal ownership of the land, doubtless, "the laborer received the whole product of his labor." This is what Adam Smith calls the "Natural Rate of Wages." Ricardo, on the contrary, defines the natural rate to be the minimum necessary to his support, and to enable him to rear offspring. This latter rate evidently applies to the laborer only, who has been despoiled of his heritage in the soil, and hence subjected to a forced competition, since it would be impossible to reduce one to that condition who held land. His natural wages are now, under this usurpation, the same as what to his master is the expense of a chattel slave. The only object of alluding to this question here is to emphasize what really the position of the laborer becomes thus divorced from his natural heritage. It is of no importance as to which is right, Smith or Ricardo, since of the independent worker, upon his own acres, it might be said that the minimum expense of his living was the natural cost of his labor, and what he realized over that was *profit*. But what is of importance, in any system of division with the least pretension to accuracy, is that what went to the laborer under a common ownership of the land was *the whole product of his industry*. And upon this question there is and can be no dispute.

Combination in labor and reciprocal exchange of services furnish the key to all social or human advancement. In the division of the results of such associated labor, products would be awarded proportionally to labor performed. This applies to families, which constitute the social unit. As individuals within the family, it can only apply, of course, to

those who are able to work, the children, to a certain age, being a charge to their parents, or in a broader community, to the community itself.

Admitting, as we must, that all had originally equal rights of access to the earth, and that no one possessed any right to dispossess or prevent another, we are unable to find justification for any law or custom which attempts to exclude a single member of the human family from a share in the common domain. Whatever may have been held in barbaric days, as to the "law of the stronger," "the rights of the victor," etc., no such right of dispossession can be pleaded now. Whatever may be claimed as to the surrender by the voluntary act of the individual, though I deem this right to a place upon the earth inalienable and indefeasible, the right of the child can, in no manner, be transferred, forfeited, or imperilled by any act of the father, nor its relation to the land, or to society, be affected in any way whatever. This tenancy of the whole people is not only a common tenancy, but to each person it is a *life and only a life tenancy*, into which man "enters" at his birth, and "quits" at his death. To deed away such a right is impossible. Man may abandon a certain separate holding, and another may properly occupy it, but he cannot alienate his own "common right," which is but for life, much less dispose of that of his children and of their children, to all generations. In neither law nor equity can a parent dispose of the patrimony of his minor child, certainly not of those who are unborn. This patrimony is held as a trust for posterity under whatever form of government, law, or administration, and no betrayal

of it by the parent, executor, or state can hold against the right of the individual. No acquiescence of a minor or ward can establish a right, or work a forfeiture; and no defense can be made to this great wrong, that the people have submitted to it. On the arrival of every minor at majority he has the undoubted right to recover.

We are able now to judge of the nature of these usurpations, and to trace their rise and progress, in placing the control of the land into the hands of a class, and in excluding the mass of mankind from all interest in the patrimony which nature has provided in abundance for all. The gradual growth of exclusive ownership of hereditary rights and settlements are traced with great care by a number of writers, among whom are Nasse, Von Maurer, Laveleye, and Maine. They show that in the feudal system the relation of the serf to the land was recognized, although a distinction was made between him and the personal chattel or slave, who, *as an alien*, had no recognized claim upon the land. In a number of ways, however, the right, not only of the tenant but of the agricultural laborer, to a home upon the soil and a share of its productions, was recognized from the earliest history of agricultural communities to the disappearance of the feudal system in the modern capitalism. Feudalism resulted as the natural out-growth from the village to the manor, and thence to the state. In its application to the territory of the Roman empire, it was arbitrarily applied by conquest, the old land holders accepting their lands back again on the most favorable terms they could make with the conqueror. But under the system as

it had more gradually developed in Germany, Scandinavia, and Britain, the rights of the people were more gradually absorbed. To the very last the landlord holding "land from the crown could not substitute another person for himself at his own will and pleasure without the consent, not only of the crown, *but of his own vassals.*" "A strict military feud was by its very essence inalienable, but gradually this rigor was relaxed, and feuds were created alienable." "In process of time the relation of lord and vassal in feudal law changed from a bilateral contract, in which there were rights and duties on both sides to the simple relation of the modern landlord and tenant, or a unilateral contract, where there is the simple right on one side to demand rent, and the simple duty, on the other side, to pay it." This change from a *two-sided* to a *one-sided* contract was due, as Mr. Macleod shows in the context to the above quotations, out of respect to the *commercial spirit*, so that "estates in land were made freely salable and transferable without the consent of the tenant" (*Elements of Economics*, § 38). Morier describes the first period of the Teutonic community "as the period of *land ownership* and *equal possession*, in which the freeman is a 'miles' in virtue of being a *land owner*. The second period can be described as the period of *land tenure*, and of *unequal possession*, in which the feudal tenant is not a 'miles' in virtue of being a *land owner*, but a *land holder* in virtue of being a 'miles.'" The change herein indicated marks the progress of the development of the military spirit and of subjection to its sway of the relation between the land and the cultivator. The owner

of the manor in each township became the president of the township court, "so that whosoever owned the manor exercised the office of judge, and whoever exercises the office owns the manor;" and to this he ascribes "the origin of manorial rights, which afterwards become the keystone of the entire land system in feudal times, and to this day affect in an important manner the agrarian relations of many important countries in Europe, England included." This manor, he goes on to show, received dues and services from the other manors in the township, "*even where these manors are the allodial property of freemen.*" He considers feudalism to have been made up of Teutonic and Roman elements, the Teutonic idea of the correlation between possession of land and military service, and the tendency to change public office into private right, to transmit such rights by inheritance, and to regard honorable personal services rendered to the sovereign; and, on the other hand, of the Roman ideas of law regarding "beneficial uses," and of dominion in proprietorship of the land. The later period, marked by the agrarian legislation of Prussia during the present century, he calls "*the return to free ownership with unequal possession.*" I must quote at some length his description of the process by which the land-holding peasant was transformed into a serf in Germany:

"As population increased, more and more townships were settled on the common lands, the proportion between pastoral as compared with agricultural wealth decreased, and the ordinary freeman was gradually reduced to a little more than what his lot in the arable mark brought him in. Simultaneously

with this diminution of his means rose the cost of his equipment for the field, and the strain put upon his resources by having to maintain himself during the long summer and winter campaigns which were now the rule. Soldiering under Charlemagne against the Saracens in Spain, or the Huns on the Danube, was different work from an autumn raid across the Rhine. Hence partly by his poverty, partly by the pressure, often amounting to force, brought to bear upon him by the lords who wished to increase their demesne lands, the free owner was little by little reduced to the condition of an unfree holder. By commanding himself to a superior lord—that is, by surrendering the *dominium directum* of his *allodium*, and receiving back *dominium utile*—the freeman lost his personal rights, but obtained in return protection against the state, *i. e.*, against the public claims that could be made upon him in virtue of his being a full member of the political community. According to the nature of his tenure, he had to render military service (no longer as a national duty, but as a personal debt) to his superior, and in return was maintained by his lord when in the field; or, if his tenure was a purely agricultural one, . . . he was exempt from military service, and only rendered agricultural service."

"In this way, as generation followed upon generation, the small free allodial owners disappeared, and were replaced by *unfree* holders. But the memory of their first estate long lived among the traditions of the German peasantry, and it required centuries before the free communities, who, out of dire necessity, had by an act of their own surrendered their

liberties into the hands of the lord of the manor, sank to the level of the servile class, settled upon their demesnes proper by the lords of the soil."

"In the peasants' war, which followed Luther's Reformation, he made a desperate attempt to recover his lost liberties ; and in the record of grievances upon the basis which he was ready to treat, he showed how accurate was his recollection of the past, and how well he knew the points on which the territorial lords had robbed him of his rights."

The demands of the peasants were deemed "moderate" even by the historians of their times ; and if in the course of the struggle their unorganized bodies sometimes committed great excesses, it was generally in retaliation of the infamous cruelties practiced against them by the brutal and unprincipled Von Waldburg and less significant leaders of the aristocracy, who spared no age or sex, and who made treaties with the purpose of repudiating them and entrapping the too-confiding peasants. Their demands were substantially: "The free election of their parish clergy ; the appropriation of the tithes of grain, after competent maintenance of the parish clergy, to the support of the poor and to purposes of general utility ; the abolition of serfdom, and of the exclusive hunting and fishing rights of the nobles ; the restoration to the community of forests, fields, and meadows, which the secular and ecclesiastical lords had appropriated to themselves ; release from arbitrary augmentation and multiplication of services, duties, and rents, and the equal administration of justice."

But all this moderation was of no avail, and after

great sacrifice of life in the struggle, the lot of the peasant became harder than ever.

"The Thirty Years' War gave the final blow. With exceptions here and there the tillers of the soil became a half-servile caste, and were more and more estranged from the rest of the community until, with the humanitarian revival at the close of the last century, they became to philanthropists objects of the same kind of interest and inquiry which negroes have been to the same class of persons in our day."\*

This description may serve in a general way to portray the courses by which man's natural birth-right in the soil has been usurped in every land by a domineering class who, sooner or later, sought the cover of pretended law to sanction unlawful acts, so that they might enjoy quiet possession of dominion obtained by violence.

In the Russian system, we have a later development still, corresponding in its essential features to the earlier feudal form. There the reduction of agricultural labor to bondage was effected in comparatively modern times. It is true slaves were held at an earlier date by the Czar and the nobles of his court; but those slaves, or their progenitors, were captives taken in war. The noblemen who owned these slaves were servants of the crown, and not land holders or even vassals owing allegiance for the tenure of land. Often they were allowed, however, an allotment of the crown-land to be tilled by their slaves, and their service to the crown was paid in that way. "Such nobles as did not own slaves were

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\* Systems of Land Tenure in Various Countries, pp. 249, 250.

sometimes paid by the Czar's abandoning to them the yield of the taxes due to the Czar by the peasantry of one or more villages. But such an arrangement did not legally impair, in the slightest degree, the liberty of these peasants. They remained the free children of the Czar, entitled legally to break off their household, and to separate from their village community and to join another whenever they liked." "The Russian peasants of those times were nobody's servants but the Czar's, like everybody else in the empire." These quotations are from "The Russian Agrarian Legislation of 1861," by Julius Fancher, whose conclusions I must give in brief. The form of tenure and tillage of the land was that of joint husbandry of the whole village, that and not the family being the social unit, and standing under patriarchal rule. "Movable property alone was individual; immovable, the land, at least, was common." Colonization was carried on, village giving birth to other villages, which in their turn became self-sustaining, and gave birth to still others.

With this system of organization and extension of villages is to be considered the savage drama of political life of the Russians, the influence of a dominant church, and external warfare. Military government in time having been introduced, and a consequent system of taxation, the same contests arose between private factions, as to who should possess the legalized prey, as constitute the political part of the history of other nations. With the growth of a petty nobility, during the struggle of Ivan III. and Ivan IV. the Terrible, to establish the empire, the nobles were rewarded with the yield

of taxes of such villages as had been allotted them. "Villages not being disposed of in such way seem to have remained free villages till the later years of Ivan IV., who seems to have commenced the practice largely resorted to in later times, of turning crown villages into villages belonging to the Czar, not as sovereign of the country, but as landed proprietor. Such villages, peopled by prisoners of war and their offspring, the slaves of the Czar, must have always existed. . . . But there can be little doubt that Ivan IV., in designating by a legislative act which villages were henceforward to be considered as state property (*Liemschina*), and which as property of the Czar (*Opritchina*), did so for the purpose of appropriating what was not his own."

"The changes effected amounted to this, that a very great number of villages having been formerly free communities, merely paying taxes to the state, had been turned into estates of the Czar and of the nobility, on which the peasantry had to pay *rent*. The amount payable remaining unaltered, and the person to whom it was to be paid remaining the same, the peasantry, perhaps, did not even become aware of the change; they may have considered their village as a little socialistic and patriarchal republic, just as the bees in the hive are not aware that they have other masters besides their queen." But they were soon made aware that their ancient liberties had departed. An imperial *ukase* was published forbidding the peasants to quit their village without a passport, and ordaining that every peasant found wandering about the country without one properly signed should be sent back in irons to his

village, and punished for having left without permission. Though under pretense of preventing vagrancy, this *ukase* was to prevent a loss of the power to *raise* the rent, which increasing population would give.

"The decisive blow had fallen. It did not at once bring about its final results—compulsory labor of whatever kind the master demands from his slave—but it contained it in the germ, and the development was rapid. The first and most important consequence was that colonization was checked for a long time. . . . The whole seventeenth century shows the heart of the Russian peasant still palpitating. The enshrined spirit of liberty asserts itself in religious sectarian movements, in agrarian risings, in bold brigandage, under the seductive form of free Cossack life. It was reserved for the eighteenth century to consummate the work. The harmless and gentle villagers, who, for the love of wife, child, brother, sister, and neighbors, had conquered the uncongenial eastern plain of Europe for civilization, now disappear as working agents from the historical records of their country; they have become mere tools to work with, mere matter to be worked upon."

That in England, as well as among the other nations, private ownership of land owed its existence to the betrayal of public trusts may be seen from the lavish manner in which its kings distributed the public or crown lands.

Macaulay says: "There can be now no doubt that the sovereign was by the old policy of the realm competent to give or let the domain of the crown in such manner as seemed good to him. No statute

defined the length of the term which he might grant, or the amount of the rent which he must reserve." "For a brace of hawks to be delivered to his falconer, or a napkin of fine linen, he might part with a forest extending over a hundred square miles." He says such acts were common, not only as late as the time of the Stuarts, but that their example was followed by William of Orange.

That the idea of common ownership of the land held a prominent place in the common mind of England is shown by the fact that the early emigrants to the American colonies, who were composed mostly of the class of yeomanry, organized themselves into village communities to cultivate the soil. "The General Court granted a tract of land to a company of persons," and it was held in common. The company assigned house lots, then tracts of meadow land. Pasture and woodland remained in common. In 1660 the General Court enacted a law confining "commonage for wood, timber, or herbage" to those houses "already in being, or [which] shall be erected with the consent of the town." It was this, or similar restrictions, which gave "the commoners" in New England and New York a degree of aristocratic power which extended itself far into this century, and gave color to many titles to land which were destitute of legal, as well as of moral, validity. The process of usurpation has been going on with or without statute law, and often in open violation of it. Our national history in regard to the disposal of our public domain has been scarcely more than a series of usurpations—grants to railroad corporations; soldiers' bounty warrants; a device to furnish the

market with a script for gambling in lands; donations to the states for colleges and educational purposes, etc. But this is but a part of the system which is leading our nation headlong in the path trod by ancient Rome two thousand years ago. Like her patricians, the capitalists of our time are getting control of our domain "legally, if they can," but getting it.

By the statements furnished by Mr. Secretary Teller to the House Committee recently, million after million of acres of the public lands are being fenced in by cattle companies and "ranch companies" to the exclusion of those who desire to settle them under the Homestead law. We are told that some of these companies are controlled by foreign capitalists exclusively, among which are the Arkansas Cattle Company and the Prairie Cattle Company (Scottish), each of which has fenced in more than a million of acres. Already from thirty to fifty millions of acres are said to have been thus seized. It is true that Congress has passed a law making such things "a misdemeanor;" but such law can hardly have retroactive effect. It will at utmost be attempted to enforce it only when parties feeling personally aggrieved shall make complaint, and then the rich companies can put off action indefinitely by the employment of learned and influential counsel. In time "possession" will give them title, and the courts, although they have violated the law, will defend them in their claims to the lands as vested rights, as they have already done in cases of the railroads against the poor and uninfluential settler. It was in ways quite analogous to what is thus going on before our eyes that the *Latifundia* of Rome arose

\*and crushed the Roman civilization through corrupt perversion of fundamental law.

In a communication to the *North American Review*, a year or more ago, Mr. George W. Julian, who had been Chairman of House Committee on Public Lands, charged the Congress, Federal Court, and Administration with having pursued a most reckless if not corrupt course in regard to the disposal of the public lands. Mr. Ex-Secretary Schurz, feeling personally aggrieved thereby, replied, attempting to show that he was free from censure, and charging back the fault upon Mr. Julian, and the Congress of which, at the time, he was a member. But they did not disagree as to the general tendency of the government to facilitate the alienation of the lands and to aid and protect the capitalistic monopoly of the public domain. They only differed on the question as to which of the two was more culpable, for a state of things both acknowledged to be scandalous. Yet, under our land system, titles so obtained, or in any way obtained, are under present rulings and purchased interpretations destined to give dominion over the land "*forever*," to the exclusion and impoverishment of the people in all future time.

The Roman law, in regard to land, has been generally supposed to favor absolute dominion, unlimited in extent, to the private holder. The agrarian laws of the kings, and of the consuls and tribunes under the republic, were supposed to be "associated with the idea of the abolition of property in land, or at least of a new distribution of it." This latter supposition long continued to furnish apparent justification for the opprobrium which apologists of

class domination and even scholars sought to cast upon that most just and patriotic measure, until Niebuhr pointed out that the purpose of the agrarian laws was not to interfere with private property in the land, but to effect an equitable distribution of the public lands among the citizens of Rome. It was the use which had been made of those lands by the military or civil rulers, or by wealthy or influential patricians, through the oversight, connivance, or neglect of those rulers, that rendered the agrarian laws so difficult to enforce, and raised up such deadly hostility to their application. Dr. Thomas Arnold, following Niebuhr, says: "It was the practice at Rome, and, doubtless, in other states in Italy, to allow individuals to occupy such lands, and to enjoy all the benefits of them, on condition of paying to the state the tithe of the produce, as an acknowledgement that the state was the proprietor of the land, and the individual merely the occupier. Now, although, the land was undoubtedly the property of the state, and although the occupiers of it were, in relation to the state, mere tenants-at-will, yet it is in human nature that a long, undisturbed possession should give a feeling of ownership; the more so as while the state's claim lay dormant, the possessor was, in fact, proprietor, and the land would thus be repeatedly passing by regular sale from one occupier to another."

The idea of a citizen and that of a land holder were inseparable, and as new citizens were admitted, they had to each receive a portion of the unallotted public domain. This could be done only by dispossessing those who had taken possession of these

lands under the custom, which it seems was confined to the old burghers or patricians, no other class being allowed to occupy them. This, with the tendency of the larger possessions to swallow up the smaller ones, increased the numbers of the landless, whose destitution and degradation so greatly increased that some measures were necessary to be taken to prevent anarchy and the dissolution of the state.

It is said that most of the kings introduced agrarian laws; "the good king," Servius Tullius, falling a victim to the hostility of the nobles, in consequence of his introduction of one Spurius Cassius, a consul, proposed a law to give the citizen land out of the public domain, and to enforce the payment of the stipulated rent by the large land holders, or occupiers; but as soon as his year of consulship had expired, he was falsely accused of trying to make himself king, condemned, scourged, and beheaded, and his house razed to the ground. This has been aptly and justly termed "an atrocious judicial murder."

The same law was attempted to be put in operation by the Tribunes Macilius and Metilius, but without success. Later, Marcus Manlius, a patriotic and noble patrician, made an effort to promote an agrarian law, and though he had saved the capital during the Gallic siege by his intrepidity, was hurled from the Tarpeian Rock, on a charge like that against Spurius Cassius, equally groundless and base. In 367 b.c., after a violent contest of eleven years, an agrarian law was passed, through the efforts of Licinius Stolus, but though proving of great value was soon overborne.

The story of the Gracchi is too familiar to be repeated here. Their temporary success in preventing the social ruin of the republic hardly extended beyond the cruel butchery which destroyed them; and reaction, malversation, corruption, and demoralization paved the way for the introduction of the empire.

That the pernicious system of landholding which obtained in despite of, rather than in accordance with, the Roman civil law, was the cause of the subversion of the Roman republic, and of the ultimate decline and fall of the Roman empire, there appears now no question among historian or scholars. Malthus treated the British land system as though it had been a part of the "laws of nature," and contends that "though human institutions appear to be, and, indeed, often are, the obvious and obtrusive causes of much mischief to society, they are in reality light and superficial in comparison with these deeper-seated causes of evil which result from the laws of nature and the passions of mankind."

Yet even he makes this statement: "When the *equality of property* which had formerly prevailed in the Roman territory had been destroyed by degrees, and the land had fallen into the hands of a few great proprietors, the citizens, who were by this means successively deprived of the means of supporting themselves, would naturally have no resource to prevent them from starving but that of selling their labor to the rich, as in modern states;" and then adds that they were cut off from even this resource by the enormous number of slaves

which had been captured in the wars, and who did all the agricultural and mechanical labor.

Macleod says: "Rome, which had not seen a foreign foe for seven centuries, was four times sacked by the barbarians in the fifth century. The free yeomen of the bright days of the republic had perished in the civil wars. The land was parceled out among a number of gigantic proprietors, and cultivated exclusively by slaves. Tillage had nearly ceased, and all the supplies came from the provinces. With the loss of these the supplies failed, and the population was reduced *to the lowest depths of misery.*"

That it was the maladministration of the land which resulted in the enslavement and degradation of the people and the exhaustion and loss of fertility of the soil is too patent for serious discussion. But it may be well to notice that what Niebuhr and other late writers regard as a merit in the "agrarian law" constituted its main defect. It did not attempt to deal with *all* the land of the republic; but only with that portion of which recent private appropriation had been made. If we had a history of the matter at all clear, it would doubtless appear that all private dominion of the land had arisen in Rome in the same way as that which the patricians had more recently obtained, from the sufferance of the state, over lands admitted to be public—a process similar to that which has been going on in our own country for a hundred years. A possible agrarian law was one which should have dealt with *all land alike*, and thus have prevented those dangerous accumulations in the hands of a few which gave power to the strong

to defeat any effort whatsoever to protect the possessions of the weak. The system of landed property in Rome is shown to have been much the same as that in other states, and was, doubtless, developed in a similar way. Their "households," "clan villages," and "cantons" corresponded in a general way with the households, villages, and manors of later times. The earliest authentic history of Rome gives us three classes: slaves, clients, and patricians, or householders. The first were property; the second were persons, but without political rights; the last were "the people." The slaves were, doubtless, captives taken in war, or their descendants; the second class were probably aliens, who had come in as refugees, etc., but who seldom, under the Roman customs, obtained the privilege of citizenship. But all the burghers were on a footing of equality, and as land and political rights were inseparable, the original condition as between them must have been equal ownership.

Speaking of a still earlier people than the Romans, Henry Sumner Maine says: "Whenever a corner is lifted up of the veil which hides from us the primitive condition of mankind, even such parts of it as we know to have been destined to civilization, there are two positions now very familiar to us which seem to be signally falsified by all we are permitted to see: All men are brothers, and all men are equal. The scene before us is rather that which the animal world presents to the mental eye of those who have the courage to bring home to themselves the facts answering to the memorable theory of natural selection. Each fierce little community is perpetually at war

with its neighbor, tribe with tribe, village with village. The never-ceasing attacks of the strong on the weak end in the manner expressed by the monotonous formula which so often occurs in the pages of Thucydides: ‘They put the men to the sword, the women and the children they sold into slavery.’ Yet, even amid this cruelty and carnage, we find the germs of ideas which have spread over the world. There is still a place and a sense in which men are brothers and equals. The universal belligerency is the belligerency of one total group, tribe, or village with another; but in the interior of the groups the regimen is not one of conflict and confusion, but, rather, of ultra legality. The men who composed the primitive communities believed themselves to be kinsmen in the most literal sense of the word; and surprising as it may seem, there are a multitude of indications that in one stage of thought they must have regarded themselves as equals. When those primitive bodies first make their appearance as land-owners, as claiming an exclusive enjoyment in a definite area of land, not only do their shares of the soil appear to have been originally equal, but a number of contrivances survive for preserving the equality, of which the most frequent is the periodical redistribution of the tribal domain. . . . Gradually, and probably under the influence of a great variety of causes, the institution familiar to us, individual property in land, has arisen from the dissolution of the ancient co-ownership” (V. C., 225–227).

Emile de Laveleye, in his “Primitive Property,” asserts as the conclusion of his thorough investigation of the subject in all primitive societies all over

the globe that "the soil was the joint property of the tribes, and was subject to periodical redistribution among all the families, so that all might live by their labor as nature has ordained. The comfort of each was thus proportioned to his energy and intelligence; no one, at any rate, was destitute of the means of subsistence; and inequality increasing from generation to generation was provided against . . . freedom, and, as a consequence, the ownership of an individual share of the common property to which the head of every family in the clan was equally entitled were in the German village essential rights."

The redistribution of the land was provided for in the sacred laws of the Hebrews, and its periodic return was hailed as a religious, as well as a social, festival. The land could "not be sold forever," at the most, for forty-nine years, as on the fiftieth came the national jubilee. Thus no Israelite could be wholly deprived of his heritage in the land, for each year brought him nearer to the restoration, and reduced, by a definite amount, the sum necessary to redeem his patrimony, if he should obtain means, before the fiftieth year returned. In the same relation the laws of Lycurgus and Solon may be regarded, since, economically, the abolition of debt must be in many respects equivalent to a redistribution of the land.\* The aristocracy of Rome, therefore, must

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\* According to Plutarch, "the first of Solon's acts was that debts should be forgiven, and that no man for the future should take the body of his debtor for security. He valued himself for having liberated the mortgaged fields and the mortgaged citizens of Athens."

Julius Cæsar enacted what Tacitus calls "a wise and salutary law,"

have regarded any agrarian law as directly leading to equal ownership in the soil, and without sufficient patriotism to esteem the public good above the interest of self or class, they waged against it a relentless war, which sacrificed, in turn, the republic, the empire, and the Roman civilization.

Look at the question of private dominion of the land in whatever light we may, we can find it to originate in usurpation only, whether of the camp, the court, or the market. Whenever such dominion excludes or deprives a single human being of his equal opportunity, it is in violation, not only of the public right, and of the social duty, but of the very principle of law and morals upon which property itself is based, which has been stated by John Locke to be this : "For his labor being the unquestionable property of the laborer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good left in common for all others." A definition which will apply to the land as well as to mere commodities.

It is clear, from the history of all people who have a history, that dominion of the land, in any other sense than that of common dominion, and a limited proprietorship, such as, in accordance with the above definition, leaves equal opportunity to all others, is incompatible with all principles of societary development, and could never have been understandingly sanctioned by any social consent, even did we not have the fullest testimony that it has been always

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compelling creditors to deduct from the principal of a debt whatever they had been paid in interest, but which his successors, at the behests of Roman capitalism, utterly disregarded.

accomplished by official betrayal of trusts, or by conversion of public duties into private rights, when not, as frequently has happened, by direct and forcible usurpation. To say that society can have established these usurpations, by positive enactment that they have obtained by prescription, or that individuals are estopped from pleading their just claim, is saying, in effect, that society may destroy itself—that it may enact that the principle of law on which property rests shall be obliterated in the name and interest of another kind of property, which is not property but robbery.

From the hasty review we have made, it seems equally apparent that rent has originated in a wholly different way from that which economists assert; that it has arisen by converting the public tax formerly levied upon the land into a private claim or debt due to one who has perverted the public revenue to his private use, and then claimed dominion of the land from whence it was derived. Surely Michael Davitt has grounds for his much-reprehended saying, "Rent is an immoral tax." The right to tax is the highest prerogative of sovereignty, and may be logically questioned as to claim from any functionary of the state, or from the state itself, except as a voluntary tribute. How, then, can the right of its enforcement inhere in any private individual? How devoid of any justification is the employment of the powers of the state to enforce this usurpation, not in the public interest, but for private emolument!

## CHAPTER X.

### PRIVATE PROPERTY IN LAND.

PRIVATE property in land, if such a thing consists with public right at all, must depend upon precisely the same principle as any other right of property. As an element in human progress, the right of private property, in importance, has taken first and almost only place in the current systems of law and of political economy. While admitting its great importance, we cannot conceal the fact that the writers on those subjects have wholly failed to distinguish between its use and its abuse, or to recognize its rational and equitable limits. The nature of property, which is defined by economists to be "a bundle of rights," is now generally conceded to be "that of the individual to be protected by society in the quiet possession of that which his labor has produced."

I quote Mr. Mill to the effect that the logic of property rights is "to assure to all persons what they have produced by their labor." This has been the *reason* on which all laws relating to property have been professedly based in all ages, however imperfect or partially executed.

We now inquire how these principles become applied to the land, which, as all admit, no labor had originally formed or produced. It is an easy thing to form a theory as to the first assumption of

property in, or dominion over, the land, but the mischief wrought by theories of this kind is that the originator, instead of using it *as a theory* to help on a process of elucidation, immediately assumes it as a fact, and decides the problem solved, and all existing statutes and customs justified. Says Gibbon: "The original right of property can only be justified by the accident or merit of *prior occupancy*. In the successive states of society the hunter, the shepherd, the husbandman, may defend their possessions, by two reasons which forcibly appeal to the feelings of the human mind; that whatever they enjoy is the fruit of their own industry; and that every man who envies their felicity may purchase similar acquisitions by the exercise of similar diligence." He admits that "the common rights, the equal inheritance of mankind," become usurped by the crafty and bold. "In the progress from primitive equity to final injustice, the steps are silent, the shades are almost imperceptible, and the absolute monopoly is guarded by positive laws and artificial reasons." It is unquestioned that monopoly, as it exists, is directly the reverse in its origin from that assumed as under the law of trade, and is derived from a system of ownership of which traces remain in every civilized country.

Laws to protect and define separate ownership were made in the interests of equity, and were at first limitations to usurped dominion, rather than to protect and extend dominion by force, and so far as dictated by reason, were a restriction upon arbitrary will, and were developed by the gradual correction

of the mistakes and evils flowing from misdirection and ignorance.

As we have seen, all human exertion is resolvable into motion, or movement of things. The necessary relation between the *mover* and the *moved* is obviously so close that there can be no room for any broad extension for either one without the other. There is also a definite proportion between the two—the power applied and the object effected; the doer and the thing acted upon. The man, strong or weak, measures his strength against matter, and nature awards to his control just so much as he can move, and no more. If he essays to move a pound more than he is able, the force he does exert fails of all effect whatever.

Now let us recall the generally admitted premise that all have an original claim to the ownership of the land. Take the individual alone with nature. How much land can he move in the direction of production—in other words, cultivate and improve? In his savage state he could roam over a considerable area, and would require it to support his existence by capturing wild game and gathering wild fruits. But as game grew scarce, nature would compel him to limit himself to a smaller area. Ultimately a very few acres would yield to him the greatest possible return for his effort, because proportion between the force and the thing acted upon is one of the prime conditions of effectiveness in all spheres of production. This, then, is both the normal and the economic relation between man and the soil, and one which cannot be rightfully changed by any social compact, custom, or statute law. By combining his

strength with others only can he accomplish more useful results or control a wider domain.

As division of labor and increased effectiveness are attained through combination, a still less and less extent of control results proportionally. So greatly has the division of labor reduced this proportion that many otherwise intelligent people become unconscious that they need access to the earth at all. The progress of society in industry and commerce tends to reduce constantly the necessary margin to individual control. The custom or statute, therefore, which guarantees exclusive possession to a class, so extended that even the small amount required by each person can only be obtained at a monopoly price, has no foundation in any reason, or principle of law of equity or economy. There can be no just extension of control to one person while another is deprived of all control. Besides, there can be no extension to the general control. The land of the whole globe is a fixed quantity, and so is that of every quarter—the domain of every nation, state, or township. When the whole people have no power to increase their domain, how can the individual have unlimited power of extension to his domain? Can society confer a power it does not itself possess? Individual possession of land requires to be defined and limited as certainly as are the boundaries of townships or states, and one man can no more rightly own the land upon which another lives than one state or nation can have jurisdiction over its sister state or nation.

Ownership of land is sovereignty over the domain, and whoever owns the land upon which a people

live and toil is their sovereign and ruler. When this dominion is subject to the commercial law, or law of the market, such sovereignty is merely that of trade, and the tribute or service becomes a *royalty* in the form of rent, interest, or dividend. *Traffic in land, therefore, is nothing more and nothing less than a traffic in a kingly prerogative,* and an extension of "the divine right to rule" the "earth and man" into the domain of trade; and by which the victim of misrule gains nothing when he changes his nominal ruler from a "prince of the blood" to a president or governor, who like himself is subject to the "trade king."

In the evolution of civil law the right of private property prescribed limitations to the barbaric "law of the stronger." Its influence in civilization has been incalculable. Its own limitations have been slowly discovered and more tardily applied, until its abuses have become intolerable, and as obstructive of human progress as was at any time the law of brute force, which it so largely modified. The dominion of property over man's person has but recently been abrogated; its dominion over his heritage is yet supreme; but when discovered to be what it is, a bald usurpation, it will naturally or violently disappear, as slavery and feudalism have done, through the evolution of industrial and social laws.

The indefensible nature of traffic in the land, and its reduction to a commodity, subject to increase and engrossment, is tacitly admitted by the silence of the economists who assume its accordance with nature. The principal writer who has taken up the pen on the conservative side of the land question

scarcely makes a passable apology for the system. Mr. W. H. Mallock, in his review of Messrs. George, Hyndman, and Marx, admits that to do away with rent might benefit the rent payer, as the release from any other debt might do. He seems to be unable to comprehend that the question has a wider scope, and that, as often happens, the immediate rent payer makes a greater profit from a high rent, since it operates, to a certain extent, to shut out competition, the same as a license tax often affects a particular business. It is the social injustice which is to be deplored, and which sometimes travels far before it falls upon the unfortunate burden-bearer.

He makes no effort to show how an honest debt can be formed by privilege to use the "common inheritance," nor at all attempts to justify the mode in which the toiler has been robbed of his right to the land necessary to his support. He does not deny that the time may come when the land laws may require to be modified; but satisfies himself with attacking what he regards as weak points in the statements and logic of the parties in review, and parries, as he best can, their arguments and reasonings. He avoids altogether any discussion of the rise and growth of the system, or any inquiry whatever into the origin of the titles under which land is held from the people. He will only entertain the fact that the present proprietor came to hold from another by purchase, and, therefore, is to be deemed honestly in possession of his land, since he paid his money for it. But, if we were to admit to be true what in large estates is notoriously untrue, even in this country, it could give no justification to the

system, since to trace any title back will yield us nothing at last but one of forceful and fraudulent taking, even were land a proper subject of traffic at all.

Mr. Mallock deprecates the agitation against land ownership, and though he acknowledges it may work evils and require to be modified, thinks a remedy like "nationalization of the land," or "limitation of estates in land," would be like prohibiting the sale of knives because they were sometimes used feloniously to take life. But, in fact, the purpose for which dominion of the land that others need is sought is to reduce labor to vassalage, ultimately to eject the laborer—murder him; first his manhood, so as to bar to him all improvement from generation to generation; and then to destroy him. All this is not the showing of Messrs. George, Hyndman, and Karl Marx; but of W. H. Mallock in the very pages we are reviewing. In his arraignment of capitalism, he is almost without an equal. A position more damaging to it has seldom been taken by Radical or Socialist. He even exceeds the fact, which is bad enough. He says: "What is progressive is not the faculties of the hireling laborers, but the knowledge of the men by whom labor is directed. The laborers begin exactly where their fathers began. The directors of labor begin exactly where their fathers ended" (*Property and Progress*, p. 157).

Now, although this statement is only generally true of farm and factory laborers, and largely false of mechanical and of nearly all other workers for wages who are capable of self-employment, it is due, unquestionably, to the extent that it is true, to the

capitalistic system under which "Property and Progress" are disengaged from "labor and arrested development," so far as it is possible, by cunning device, to reverse the natural course of industry.

But when Mr. Mallock comes to indorse the theory of Malthus, he makes what might have been regarded otherwise as a meek submission to the logic of events, an evident predetermination to obtain and hold dominion of the land, not only that the future laborer might be rendered unable to begin where his father left off, but even to end as his father ended. It preaches to him a gospel of ejection and extinction, even before Malthus's dismal result shall be reached, and acquires and maintains ownership of the land, that this may be done the more effectually, so that his taking off may preclude and render unnecessary any unpleasant struggle he might make in the ultimate competitive selection.

To be sure, he admits that "when the Duke of Westminster shows any desire to expel *all* the Belgravians, when the Duke of Bedford proposes to turn Covent Garden into a *game-preserve*, and when it comes to be the ambition of English landlords *generally* not to get their rents, but to get rid of their tenantry, then we may be certain that the English land laws will be altered" (p. 114). But in truth the power to eject, given by law to the landlord, is not merely a power capable of abuse, as the possession of a knife may be, but it is a power sought and given for this purpose alone, and which, no one knows better than Mr. Mallock, is not only freely exercised, without even the wretched excuse that they want to get their rents, by English and Irish and Scotch

landlords, but by those of every country where land monopoly prevails. They have the civil and military power of the nations at their disposal to do the murder of their bidding, and that without inquiring whether the landlords want their rent, or to establish a rabbit warren, only they must not do it in a "*general way, you know;*" *that* would not be tolerated, and so the whole system would tumble! But while the knife is only used on those who are feeble and ignorant, and could not sustain the struggle for any length of time, any way, it is all folly to make such a noise about it. It only anticipates by a trifle of a thousand years, perhaps, the fulfilment of the prophecy of the "*Gospel according to St. Malthus,*" and so, in any event, must be looked upon as the act of Providence, rather than of the capitalistic landlords and their servile instruments!

Coupled with the Malthusian theory of population, land monopoly resolves itself into an institution to predetermine the dismal issue without awaiting the struggle and actual trial of strength and endurance, so that the "*unfittest,*" not the "*fittest,*" may survive, and the fittest be destroyed. Because the desire to have the means of subsistence in the hands of capitalists alone is one to give them an unequal advantage, and to bring on the issue long before any natural cause for it existed, if one is possible.

Now, Malthus has made a theory from all the facts in the case, or he has falsified and ignored facts which, as many contend, show the contrary theory to be true, or he has built his theory upon partially ascertained premises, and to the neglect of tendencies and principles which counteract and render his the-

ory improbable as to any specific culmination, but only in a general way proving tendencies to exist, which, if uncomplemented by others, would produce the specific result, as gravity without centrifugal force could cause the earth to fall directly to the sun. I think the truth more likely, at least, to be found in the middle ground than at either extreme. But so far as this issue of the land is concerned, what essential difference can it make?

If Mr. George's position on this question is sound, then there can exist no justification for large control of the land, to be sure. If the mediate position, or any mediate position, be true, then Mr. Mallock, to justify landlordism, must prove that form of ownership is best calculated to delay and render less liable to occur the deplorable result, by inaugurating intelligent and humanitarian checks to population, and by refining and improving the race so as to render increase less rapid, and the catastrophe less disastrous, if it cannot be wholly averted. He, however, does nothing of the kind; but, on the contrary, admits that the system we have intensifies and increases the tendencies against which every impulse of manhood is aroused to resist or avert.

But suppose the theory to be entirely faultless, and established as a matter of natural science, what then is his position? Why, that a few, at most a part of mankind, are justified in appropriating, not only the greater share of the products of the labor of the toilers, but the land itself, the source of all sustenance and the means to all productive labor, so as to precipitate the crisis, and deprive the disinherited of any means or opportunity to struggle for a sur-

vival, in which they would otherwise be sure to succeed against the effeminate and idle who are unused to toil and privation. Few writers of any school have so thoroughly unmasked the tendencies and purposes of modern capitalism as he. His criticisms of the "Statistics of Agitation" are inconclusive where they do not favor the opposite for which he offers them. If, as he contends, the condition of the poor is growing better, and the relative, if not positive, condition of the rich is growing worse, what probability can there be of a near Malthusian epoch, pray? And if Mr. Hyndman and Karl Marx have played false with statistics and history to show that once the condition of the toiler was better than now, he cannot derive the cold comfort he seeks to draw from that consideration for the oppressed and disinherited who reclaim a portion of their own, become more in earnest in obtaining other portions, and are not, as he imagines, disposed to rest content with what they have obtained, and to trust to conservative rule to give them more.

In his showing that capital is the greater robber of the two, we think he has successfully proved that far greater amounts are taken from the industry of a country by interest and profits than by rent. In this he has an easy task, for this is Mr. George's weakest point—indeed, a blunder fatal to his whole plan to remedy the evil. And still it may be true, as unquestionably it is, that the making a commodity of the land constitutes the basis of the capitalism of goods, which enables it to rear a superstructure overshadowing its own foundation, the monopoly of the land. The surprising thing is that one should enter-

tain the strange notion that the destruction of land-monopoly would "increase the earnings [stealings] of capital," unless, indeed, the purpose were to confiscate the possession of one gigantic wrong in the interest of another, in the vain expectation that it will stand after the foundation is removed.

The last point I can notice is that which Mr. Mallock takes in regard to "right to land." Though he admits it in a general way, in respect to the whole earth, he denies it in regard to any specific place or portion, and thinks the time likely to come when a number of citizens more would be born than could possibly live in a place, and "who not only had no inalienable right to live in it, but whom their fellow-citizens had an inalienable right to expel." He thence infers that some have a better right to land than others, and that institutions must determine which have better rights, and which none at all. But all this only leads over the road we have already surveyed, and betrays the animus of landlordism, which proposes to have the sure thing when the crisis arrives, and to not wait its coming, but keep the machine in running order by expelling and crowding out a few periodically.

Indeed, I think some have a better right to land than others, viz.: those who render it productive and so remove, or at least postpone, the pressure of population upon the means of subsistence. But those are proverbially not the landlords, who, as a class, do the least, and often nothing, to promote production, unless paying their money to some one who has no exclusive title to the land, and taking

the rent as it becomes due, is reckoned to their credit.

When a ship's company, through wreck or circumstance of any kind, becomes reduced to necessity, every one is put on an "allowance," or, in utmost extremity, lots are cast, and thus the struggle for survival is made an equitable one. A Hannibal or Cæsar, in the forced march and severe privation, shared the lot of the common soldier. Not so with capitalism and a pseudo-aristocracy. That requires all such unpleasant episodes to be at the expense of the laborer, who has furnished the feast at which there are insufficient places, and whom the lordling and "money-bag" "have an inalienable right to expel," that they may partake in peace. Understand the crisis you have to meet, O workers! and ask yourselves whether such issue to existing laws and customs, made by their ablest champion, renders them longer worth your submission and respect.

## CHAPTER XI.

### CAPITAL AND THE PRODUCTIVE FACTORS.

WHAT is capital, and what the things embraced therein, is a question so completely mystified by the accredited writers on political economy that the word would not be employed but that it is generally used to signify accumulations of wealth or goods. The latest definition of it is "any economic quantity from which a profit is derived."

But the distinction of chief importance is this, whether a thing *in its nature* is competent to give increase, or has such quality conferred *by powers borrowed from other things*, or by conventional customs and institutions. In its scientific aspect, this distinction is of vital importance. What has power of increase in nature is readily determined. All organized things have growth and the power of reproducing themselves. But no *inert* matters have any such power, and it is only through labor or the exertion of the human powers that they can have their utility or their exchangeable value increased. Of the organic things which grow and multiply, none are available to man's use without the exercise of his powers in gathering and moving them. The farmer or horticulturist who cultivates berries in preference to gathering wild ones from the fields, does it because it requires less labor to procure them of equal

quality that way than to gather the natural fruit. And so it is with all kinds of production. We would not adopt the artificial if it did not yield better, or at least, equal compensation with the mere pursuit of garnering natural productions. On careful examination, we shall also find that no thing in nature multiplies or increases without human care or attention which does not require the same sacrifice of time and effort to *gather* or *capture* as it would to produce kindred utilities by artificial means.

The natural productions of the land, and the growth of wild animals, fowls, and other forms of animated nature which man appropriates for food or to furnish skins or fiber for clothing, are really embraced in the simple term *land*, because they have no existence independent of it, and whoever controls the land appropriates them.

In the earlier conceptions, which regarded capital as the stock or amount of money put to productive use, there was always a general acknowledgment that it promoted production, while at the same time it claimed to be stored labor, or product of labor.

But business operations usually show, *not a gain to capitals, but a steady loss*, and a loss which is only made good by constant accessions from the earnings of current labor. Of all those who go into business, but a small number come out with their capital unimpaired, after a reasonable compensation has been allowed for their services for the time engaged. That a few do more than this, some realizing large fortunes, gives currency to the conception that stock in trade is productive, and lends infatuation to the idea that money can be made in it, as a successful

buyer of a lottery ticket thinks that lotteries pay. Of land and labor only it can be said with any degree of accuracy they yield an increase. And of them it can be said only when they are united, or the labor is applied upon the land or upon material derived from the land.

It would seem, then, that land and labor, instead of being excluded from the classification, should be regarded in economics as they are in nature, THE ONLY CAPITAL. The man who owns the land to the exclusion of labor can derive an income from it through the necessity of the excluded worker, who must obtain access to it by paying rent, or sell his labor for what the land holder will pay.

It is possible, therefore, by dominion over these prime factors, to effect false and wholly artificial conditions which shall give increase to other things and other activities besides those of land and useful labor. The customs and laws which justify slavery place the laborer in the category of chattels, and his person among subjects of traffic. Property, of course, becomes productive then, especially if, as usually, the slaveholder be also a land holder. As the laborer becomes a merchantable commodity, and can be bought with money, he will impart to that money or other commodity for which he will exchange, a reproductive power. It may be mentioned as a fact, that in slave-countries the rate of interest, other things being equal, is always high. The rate in this country has fallen quite one-half since the abolition of slavery in scarcely more than a score of years. Other circumstances have contributed to the same

end, doubtless, but that has been one of the main causes.

If the land be reduced to the condition of a commodity, and made a thing to be trafficked in, the money or goods for which it will exchange will have imparted to it the same power of increase which attaches to the land, and will have conferred upon it the same royalty or power to tax the production of labor. In nature LAND AND LABOR ARE ALWAYS CAPITAL, and never commodities; and the products of these are always commodities, AND NEVER CAPITAL, except through subversion of normal relations, and by the reduction of capital to the category of products, thereby dispersing a portion of its productive power, to sustain a false factor in its relation. The truth of this, however, aside from the interest of the capitalistic advocate to disguise it, is lost sight of from the fact that most persons, using commodities in the production of other commodities and in rendering service, as merchants with their goods, and carriers with their teams or other means of transportation, join with it their personal and also hired service, and usually calculate these earnings of labor as profit on their capital.

When the farmer joins his labor to the land he has bought with money, and employs hireling labor mainly to do the work, he regards the profits upon the labor and his entire earnings, and perhaps of his family also, as so much gain, to be credited to the profit on the money paid for the land, for wages and necessary means to prosecute his business.

The increase which has resulted from the union of land and labor is shared by the money lord, while the land and the labor receive between them the

moiety their necessities demand. Even the rent goes, not to the land, but *to the landlord AS A CAPITALIST* whose money is invested in the land.

The failure of Mr. George to discover this led him to treat of the monopoly of land and of capital as two separate things, not merely distinct from, but as antagonistic to, each other ; the one as the friend, and the other as the enemy of labor. Overlooking the fact that land is reduced to a commodity and so brought under the reign of capitalism, and that "private property in land," is simply one of its means of subjecting labor, the principal one since chattelism is abolished, he concludes that there is an inverse tendency between the operation of landlordism and capitalism, and between the rates of rent and of interest. Nothing could be farther from the truth. Interest and rent are not rates, but things to which rate applies. The *rate* per cent. of rent and the *rate* per cent. of interest so nearly correspond that they may be said to be the same, and from any temporary aberration tend constantly to return to equilibrium. The "pure economists" find no difficulty in conceiving land and labor both to be capital. I quote : "The land itself on which a city is built is wealth ; the owners of it obtain a great revenue by simply allowing other people to build houses upon it" (Macleod, E. E. 76). "Labor itself is a valuable commodity ; it has value, just as that of a material chattel ; it is, therefore, an exchange" (Ib., 128). He goes on to instance copyrights, patents, etc., funds, shares, advowson, etc., and triumphantly asks the previous school "how these are the production, distribution, and consumption of wealth."

To show the absurdity of treating these last-named things as "elements of a physical science," it could be suggested to him that they are mostly the creatures of statute and prescription. Advowson in particular is a feature peculiar to the union of church and state, and which would necessarily disappear with the disestablishment of the church. He could also have extended his list. A "letter of marque," a license to keep a liquor saloon, a brothel, a gambling hell, or a "fence" for stolen goods, might obtain for its owner a large "revenue by simply allowing other people" to work under them. An appointment or election to public office, which capitalists or corporations may desire to influence so as to divert public interests to private use, may obtain for its owner also an appreciable sum, and it is therefore wealth and a portion of his capital and a scientific quantity! To such results we are driven the moment we attempt to place the natural sources of wealth in the same category with conferred privilege and usurped powers.

That when capitals or properties are created by law and sanctioned by use, trade economists should treat them as economic quantities cannot well be avoided, perhaps, but that they should be instanced as demonstration of scientific principles is too absurd for serious treatment. We might not prevent the pretended naturalist, who had never seen horses but with blankets or trappings on them, or terrier dogs but with docked tails and cropped ears, from classifying them under heads determined by these distinctions; but we need not allow him to confuse our minds with the notion that the blanket is a part of the horse, or that the terrier's ears and tail are

shortened by a "natural instigation." As little should we be misled by the constant treatment by economists of the most artificial and arbitrary relations of industry to trade as though they were the scientific exponents of natural conditions under natural law.

The subject of the natural means and factors of production forms the principal stumbling-block in the reasonings of reformers as well as of economists. Although nothing is more common among them than the phrase, "Labor produces all wealth," yet the Socialist, as well as the capitalist, will immediately begin to talk about "the means of production;" the one to show that capital acts a part in production, and should therefore share in its results, and the other to show that machinery, tools, etc., as well as the land, should be taken possession of by the state, and production be carried on for the benefit of all. As usual, the truth lies between the extremes, certainly not, as here, where they meet. Land and labor being the *natural, unproduced* capital, should have no artificial barriers placed between them. Land, being a natural, not a produced thing, has no exchangeable quality, and can not rightfully be held against the demands of the needy. It is the basis of life and action. With labor it is productive; but it is the only thing which is productive. The goods of the wealthy, to which their title is undisputed, is that alone which is the result of labor. Now, if machinery, tools, general plant, etc., are really means of production in the sense of contributing of themselves to production, then a very curious question arises between the capitalist and the Socialist. Either

the capitalist must surrender what his labor has earned, directly by his individual application, and indirectly by the natural production of the goods, tools, etc., to the state to be distributed promiscuously, by a ratio of *need*, not of *deed*; or else the Socialist must abandon all hope and purpose of improving the condition of those who do the labor of the world. Between these two diametrically antagonistic claims there seems to me to be but one point where reconciliation is possible. That is by the elimination of land from the category of things purchasable by labor, because not producible by labor, and a return to the natural right of labor to reap the fruits of its own application. If this should leave the question unsettled as to whether goods and tools produced goods and tools, it would leave it in a fair way of settlement. At least it would no longer allow the capitalist to add to the earnings of his own labor, and of his goods and tools, the natural produce of the land, and so deprive other labor of its natural opportunity and reward. The Socialist should consider, also, upon what ground he makes the claim that capital ought to release its control of machinery and plant in the interests of society. If they are really productive, why should the owner be required to surrender their earnings? If they are not productive, but, on the contrary, require to have their wear and tear and natural decay constantly replaced by labor, and are only made to appear productive by their false relation with a really productive element, the land, then indeed his protest against such capitalistic use is reasonable and just; but, in that case, it by no means needs that the state should take the

plant from the owners ; it only needs that it should cease to guard the false relation, and by opening to the enjoyment of labor its only productive complement—the land. In the one case, he would make a rational demand, which no casuistry can deny ; in the other, the inconsistent requirement that successful workers shall be deprived of the natural fruits of their labor, and of the peaceful enjoyment of what is a natural growth of those fruits.

Nor is the dilemma of the capitalist less embarrassing. If he takes the position that his plant is productive, and that his wealth truly represents the production of his labor, and the auxiliary earnings of such production, and that the condition of the poor and improvident is really the result of natural law, still he cannot deny the right of society to protect and support the poor, who are destitute of productive means to help themselves. And thus escaping the Scylla of “social democracy,” he will fall into the Charybdis of “governmental distribution of burdens,” the Communism of the state. But when capitalism will yield, or shall be shorn of its usurped dominion over the land, to which it can produce no shadow of natural or justifiable title, it may confidently appeal to the sense of justice in mankind to protect it in the possession of all those things to which a labor title can be shown.

But the assumption of the capitalist and the Socialist in regard to the productive power of labor products is without the least foundation in fact. There is only an accumulation of products ; no such thing as production begetting production. It is true that machinery, plant, and stock, which are only the pro-

duction of labor, are consumed in new productions ; but that is only because there is demand for the new production rather than the old. The consumption of these to produce the new creates a new demand for the application of labor to their reproduction, and so the circle is constantly repeating itself. The cost of tools is always the labor necessary to produce or reproduce them. Their use in production is only such labor as is saved by it to the series of productions in which they are employed and consumed. In any industrial or economic sense, *means of production are limited to labor and the raw material.*

## ACTIVE FACTOR IN PRODUCTION.

The dominating factor in production is human labor. Man, the worker, is the active and moving force in all social industry or development. He is so constituted as to require a supply of material food and also constant activity. The muscle that does not find its appropriate nourishment withers or wastes away ; but so also does the muscle that ceases to be used. And this is correspondingly true in respect to every physical or mental power of the man. Nature herein indicates, with a directness not to be mistaken, that *human wants are to be supplied, and by human activities.* No reasoning seems required upon a point so plain ; and yet so fertile is false education and idle ignorance, that whole classes are taught to believe that all industry is a curse and a disgrace, and that to be usefully active is to forfeit respectable social position. This is true to a great extent of the children, especially the daughters, of the rich, in the fashion-

able world, no matter how the riches upon which they pride themselves may have been accumulated by their immediate or remote ancestors; whether by severe application and intense activity in laborious and vulgar avocations, or by methods now deemed predatory and criminal. And thus the mind of the thoughtless becomes inflated with the idea that to leave one-half of the man, his activity, without use ennobles and distinguishes him.

To the enlightened mind, on the contrary, to appropriate the goods of life without serving is the most childish and ignoble of all things. To desire a condition for self or offspring, such as will relieve from the necessity of exercising the activities of our nature, is to desire deterioration and effeminacy. We shall see, at length, that it is only under misdirection and the usurpation of the elements essential to human life and happiness, by a few, that slothful ease appears preferable to that depth of deprivation to which such usurpation dooms the worker, whose excessive labor dwarfs his mind, while it fails to supply the required nutriment to sustain his body in health.\*

Activity is the normal condition of all the human faculties. Man needs no following with a lash to induce

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" Since wherever a mouth and a back are created a pair of hands also is provided, the inference is unavoidable that the hands are to be used to supply the needs of the mouth and the back. Now, as there is one mouth to each pair of hands, and each mouth must be filled, it follows, quite naturally, that if a single pair of hands refuse to do its work, then the mouth goes hungry or, what is worse, the work is done by other hands. In the one case the supply failing, an inconvenience is suffered and the man dies; in the other case, he eats and wears the earnest of another man's work, and so inflicts a wrong " (Thoughts on Labor: Theodore Parker).

him to work. Labor only becomes irksome and repulsive when a few by shirking their share can throw burdensome proportions upon others, or when, excluded from the laboratory which nature has provided him, the laborer has to beg the privilege to toil from his fellow, who slanders their common nature by assuming that it is laziness, and not a sense of injustice and despair, which makes hireling labor distasteful.

As the very nature of the two factors in industry requires their equal proportion to each other, so exercise of the functions of production and assimilation retain a definite ratio to one another. In ignorance of these laws, the child whose need of food is first felt becomes liable, through mere habit, to develop his appetite more rapidly than his love of motion. Such become gluttonous and indolent, or intemperate ; but usually the attraction "to do" is early manifested, and it is often more difficult to suppress this tendency than any other, or to govern it without directing it into the channel of some useful industry. The terrible *ennui* with which all idle people, however cultured, are afflicted, is but an earnest remonstrance of our nature against the departure from her economics. Correlative to this are the results at the other extreme, where *overaction* and insufficient or unsuited nutriment develops the muscular at the expense of the mental forces. Culture, refinement, and manly intellect are impossible to the many in such condition ; and yet the law of compensation often asserts itself by retaining in the over-tasked and toil-hardened frame a generous and cheerful disposition and inflexible integrity,

nature thus testifying, even in extreme subjection, to the nobility of man and the dignity of work.

The facts so familiar to the commonest observation show that the love of active life, the zest of beholding things grow under our hand, whether in the fields of agriculture, with trees and fruits and flowers, or with the mechanical constructions or artistic forms, furnishes abundant motive and inducement, without lash or bribe, to prompt the man to attainment in every aim of life.

A great motive to industry and to the investigation of the law of its development lies in the love of offspring. This alone is able, with birds and animals, to secure the most patient and protracted toil. As related to remoter posterity in man, it becomes identified with the greatest social problems. It prompts the man to labor, and to conserve the products of industry. The labors thus induced serve first to supply his own wants, and then to add to the goods preserved to society, in order that the circumstances of his children, and his children's children, may be improved. Thus also will he serve, under equitable rule, the future general society, and gratify that higher love for man which looks beyond the mere ties of relationship or nationality, or even of time.

That society, of which this working agent is a temporary member, has progressed through what may be termed Natural Selection, there can be no doubt. Whatever we may accept or deny as to theories respecting man's origin or descent, we cannot ignore the varying characters of men and of peoples, as well as of species in the animal and vegetable worlds.

But the limit of natural selection seems to be

reached as regards man when the race has sufficiently advanced to admit of a more integral development, so that the multiplication of the species may be kept within requisite limits by intelligent selection, if indeed any tendency to over-population exists, of which there appears a very reasonable doubt. War and the destruction of the weak by the strong serve, then, no purpose now, but retard social evolution. Industry need no longer be enslaved, but by liberation and wise organization may become attractive, so as no longer to need force or fraud to utilize its activities.

Another consideration indicates the limit of the principle. In the lower species natural and, indeed, the most careful, intelligent selection only develops special qualities. Thus, great speed in the horse is wholly incompatible with great strength for draft. So, by the rule of force and destructive competition, we may produce a class of warriors and of slaves, of capitalists and of hirelings, but never a well-developed man.

To effect this an integral system of education and of industry is required, and the outworn antagonisms and hazards, which propel ever to extremes, must be dropped out of our social life and reciprocity take its place. It is a favorite apothegm of the schools that man is ever the same, and that since he has always been swayed by love of gain, he always will be. But nothing is more certain than the progressive change which constantly, though gradually, takes place in his purposes and pursuits. The forced labors of the past become the sports of the present. The wager of battle and forfeit of life and goods is

changed to competitive games and harmless pastimes, and the desperate struggle for existence is turned to mutual help and reciprocal exchange. If, indeed, the old barbarity has sheltered itself in the more recent forms of trade, it has been under disguise until found by experience of its results to be what it really is, or has had its vail removed by its own votaries, who can devise no other available defense for it, and hence urge its antiquity.

A learned professor of one of our most popular universities avers that we must have "the survival of the fittest or of the *unfittest*;" and this would follow as a logical conclusion if we admitted his assumed premises, that *one must destroy the other*. But if history has any meaning, however, the only necessity, if it now exists, is found in the blind stupidity and brute-like passion which it is the business of social science to enlighten and of social organization to control, so that both the fit and the unfit may survive, and each be benefited far more than either could possibly be by the destruction of the other.

If, however, it should appear in any case that one could improve his own condition by destroying the other, that is a contingency which calls for the protection of society, which to save itself must guard its weakest member. Superior physical strength and business tact are not the only requisites to social service, and whatever the individual may think or desire, society cannot afford to deprive itself of the service of a Homer or a Milton, a Pope or a Byron, because of physical defects, or of a Goldsmith or a Burns because they could not drive an advantageous bargain. The rudest social economy must embrace

the utilizing of the less as well as of the more perfect. The agriculturist who should rely upon natural selection, instead of intelligent selection, would have an abundant growth of weeds, brush, parasites, insects and vermin, but a "beggarly account" of fruits, grains, and of domestic fowls and animals. The great champions of the doctrine of natural selection, Spencer and Tyndall, have each, if I mistake not, been upheld by the assistance of others, and of government, in their struggle to place before mankind great philosophical and scientific truths. Can they give any good reason why the faithful worker in any field should be "let alone" in his struggle for life, while building for society, any more than themselves? Not only the institution which boasts the possession of a Sumner among its faculty, but every institution of its kind in our country is endowed by public or private beneficence, and could not survive a day if it should be withdrawn. It cannot fail to be seen how appropriate is the teaching of "*laissez-faire*" by the professors and scholars produced by institutions supported and upheld by the very opposite practice. That such institutions do not encourage any investigation of the industrial problem is not to be wondered at. How can they discuss the interest and rent questions when their very existence depends upon the annual tribute capitalized funds and lands enable them to lay upon labor? The perpetual bribe of which they are thus the recipients is too weighty to be overborne by the wail of suffering toil or the appeal of the honest thinker. They can scarce desire the promulgation of a truth which would disestablish their institutions. As little can they desire the sur-

vival of the fittest since they are holding up an institution which would fall of itself, and are being held up themselves by a system of capitalism dependent wholly upon laws and customs established and maintained to thwart equal opportunity and to prevent freedom of competition and of exchange.

The reception which a patient investigation of the subject is likely to meet can be readily imagined when we consider that the object sought in introducing the question of survival into the labor discussion is to justify a system which denies equal opportunity for the very purpose of relieving favorites from the operation of the law of competition they laud. It is capitalism, not industry, which is ever devising sinecures and exemptions from any struggle whatever. As an instance, a noted millionaire has lately settled upon his son, who failed, not in a struggle to live by honest labor, but in a contest as a Wall-street "gambler," five thousand dollars a month. Professor Sumner may be right as regards those who are spared the "struggle for existence" by annuities and unearned incomes. Doubtless we have in their cases the survival of the unfittest.

With equal opportunity and access to the natural elements, a healthful struggle would result, which, if it did not involve the destruction of some by others, would secure the survival of the industrious and frugal, and correct the proclivities of the idle and predatory. Our present system of division is scarcely more than a plan for sustaining luxurious paupers.

The assumption of a necessity for the ignoble and destructive strife in industry and trade will not endure the slightest investigation. The Malthusian

theory is the only logical one in regard to it, and that has been shown to be groundless by Mr. George and others. In truth, as he has shown, the more society is advanced in numbers, intelligence, and industry, the farther it is removed from any danger of pressing on the means of subsistence. It is in sparsely settled and savage countries that famines occur, or in populous states, as in Ireland and India, where the people are miserably misgoverned or over-governed. When the white inhabitants of this continent were numbered by thousands, the different nationalities were in constant war with the red men and with each other, and the struggle was deemed essential to the safety and success of each, as well as to establish the fittest survival. But now, with nearly a hundred millions, life is better sustained and wars are few, arising now from lack of statesmanship, or a yielding to narrow prejudice, rather than from any natural tendency or civil or economic necessity. The active agent or factor is not one involved in the problems of over-population, or in the life and death struggle. He is a member of society, the social unit. The development to extremes begets dissolution, and the society which does this must perish. Science points to a development through union, under natural equity and justice, in which industry and economy shall crown the victor with the laurels which peace and plenty afford, and encourage, not destroy, the less successful.

Of one thing, however, we need to take note. The worker is an ever-changing person. Individual men come and go; the race remains forever. The relation, therefore, of the worker to the soil or object

wrought upon, is transient and passing. It was said by the great Hebrew lawgiver, as from the omnipotent Worker: "The land is mine, and ye are sojourners with me." "The land shall not be sold forever." The sojourner can control no longer than he stays. This dominion over the land ends with his occupancy. His only ownership is an "occupying ownership."\*

#### PASSIVE FACTOR IN PRODUCTION.

The great fountain-head from which the material elements in production are derived is the land. The matter of the earth is so disposed by nature, and the elements of fertility so deposited, as to render cultivation a pleasant and compensating employment. In the passive factor is embraced all raw material, or that which has not been affected by human activities. The natural productions are really a part of the earth, and must be considered as such in any economic discussion. The earth forms the foundation of all industry of the man, and is the point where his activity meets and co-operates with the heat, the light, the air, and the moisture, indispensable to production and to all life. Only upon the land has he any means of contact with them, and otherwise can have no stable existence. An allotment of land, then, as separate property, or as a common right with others, is a first requisite in re-

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\* This term is used by Mr. Wallace to signify the method of land-holding under "Land Nationalization." It expresses, however, the natural law of ownership more nearly than any term heretofore employed.

ducing industry to any intelligible problem. Not only must the land exist, but its relation to the worker must be defined ere a single step can be taken in subjecting industrial production to any system. Science absolutely refuses to attempt any solution of the industrial question until this is determined; for otherwise it can assign no sphere to labor, no field for the exercise of man's activity. There may exist spontaneous productions of nature, without man and his labor; but without the earth no industrial production can exist; the labor, and even the man himself, disappears.

In the very statement of the industrial factors, then, we encounter a positive institution, which forever bars any system of industry which can be reduced to scientific terms, because it confounds all terms and agencies which could help to a solution.

If land and labor are the factors, and the only factors, in production, it follows necessarily that there must be freedom from any and all arbitrary control over them, such as may prevent the access of the one to the other, commensurate with the required action. Any other control of the soil than that of the cultivating occupant can but fetter and cripple labor and retard production. The freedom of man without freedom of the land can benefit neither. Science can no more accept the system of exclusive land tenure, and endeavor to reconcile industrial life with that, and to build a system of economics upon it, than it can accept the mythologies, theologies, astrologies, and alchemies which have been, or may now prevail, with which the intellectual minds of the past employed themselves in the

absence of any scientific method of arriving at truth. Any system established under nescience must submit to the crucial test of scientific examination. Science cannot become its apologist and special pleader.

Exclusive dominion of land divorces the natural factors, and as to its whole extent bars productive industry. An axiom so plain requires no argument. Its results are seen in extended private domain, poorly and but partially cultivated even in the most populous districts. The people dispossessed of their inheritance crowd to the cities, where vast accumulations of absorbed wealth invite to employment, sometimes useful but often hurtful to the man, to social well being, and precarious to the unskilled or improvident. The fertile properties of the soil are wasted, and so cannot be returned to maintain its productive capacity.

This country has an extensive domain of fertile soil. A considerable portion of its people live yet in independent homes, but through our system of unrestricted ownership, and the accumulative power of capitalism, the land is being absorbed rapidly in few hands, with results always unfriendly to industry and the well-being of those who toil. This barrier between the factors prevents labor from finding employment and the land from being improved. To remove this barrier is not the business of science, but merely to point out the consequence of the institution, and the effect of the natural freedom of these agents. Remedies are not within its province. Only political and legislative quacks will seek to redress by statutory enactment and positive institution the

wrongs which arise mainly from a deprivation of liberty such enactments have caused and which only liberty can correct.

It may be proper to notice here what the leader in the modern school of economics, Mr. Macleod, calls the “third source of wealth,” and, if such existed, he could be relied upon to find it. He says (E. E., 164) : “Rights are created by the mere fiat of the human will . . . and extinguished equally by the fiat of the human will. But these rights may be bought and sold or exchanged; their *value may be measured in money*; they form the most colossal commerce in modern times; we have valuable products created out of the absolute NOTHING by the mere *fiat* of the human will and *decreated into nothing*. There is a third source of wealth besides the earth and the human mind—the human will.” In the above extract we have the truth fully shown, which we have endeavored to make plain elsewhere, that these “private rights,” which “form the colossal fortunes of the times,” are the mere creatures of arbitrary will. As a consequence they do not create social wealth, but constitute merely a means of appropriating social wealth to private uses, “out of the absolute nothing” so far as any return of service to society is concerned, and “*decreated into nothing*” when society looks for its plundered stores.

But while they are in being they can “be bought and sold and their value measured in money.” And so might human beings or anything whatever which the law made property. But whoever wants to purchase these rights after they have been created from nothing, will find that he has at least to give

*something* in exchange for them which is veritable and which his will alone will not reproduce without hard labor. And when these values are decreated into nothing, as in the case of declining shares and bonds and of periodic bankruptcies, they are usually found in the hands of those other than favorites of the FIAT.

But with the leading thought of the paragraph, the "third source of wealth," we have yet to deal. I have sought in vain, through the popular writers, for any evidence that there was "a third source of wealth," besides "the earth and the man," including all its forces and opportunities and all his power, mental and physical. But I have found it at last in what Mr. Macleod calls the "human will." But since the human will is but one of the elements of the human mind, "emotion, intellect, will," I can just as readily find five as three. To what ridiculous shifts does this professor of economic prestidigitation resort to cheat the worker out of his labor-title to the wealth he has created ! Whether it be through manual or mental toil, the emotion, the intellect, and the will are all employed in every form of work and are part of the worker's self. I have yet to find a "*third source*" or factor of social wealth.

Mr. George, although repeatedly stating that the factors in production are "dual, not tripartite," continually treats capital as a third factor, though partially disclaiming such purpose by asserting that "labor and capital are but different forms of the same thing—human exertion," and that the "use of capital in production is, therefore, but a mode of labor." Undoubtedly there must be, as he says, "a point at, or, rather, about which the rate of interest" to this

particular mode or labor "must tend to settle, since unless such an equilibrium were effected, labor would not accept the use of capital, or capital would not be placed at the disposal of labor." But he makes no attempt to show what this point of equilibrium is, nor does he seem to apprehend that, under freedom of the soil and opportunity to labor, it would vary from what capital is now enabled to extort, through its power to monopolize the land.

The natural point of equilibrium unquestionably is zero, since one side of an equation minus the other side equals 0. The capital, which is labor, stored up in matter, as he says, must necessarily balance with equal amounts of the same thing stored in muscle, and if circumstances favored one mode at one time, it must vibrate by natural law of supply and demand as far to the other side, the point of rest being nought.

His confusion of thought upon this point is inexplicable. He says "the reward of capital and the reward of labor will be equal, that is to say, will give an equally attractive result for the exertion or sacrifice involved." What can he mean? Who makes the exertion or sacrifice—the capital or the capitalist? If the capitalist, then for such exertion or sacrifice his share is in proportion to that which the other, labor, has contributed of exertion or sacrifice. If he means that the capital has made the sacrifice or exertion, then he makes it not a *passive* but an *active* agent. No wonder he thinks it impossible to formulate the thing "as wages are habitually estimated in quantity and interest in a ratio." Had he said that this ratio was a duplicate one, while wages were proportioned by "equal difference," the utter dishonesty

of this capitalistic formula would have been betrayed. After all his special plea for capital, he at last, however, falls back upon the ground that interest is directly connected with "the law of rent," although mistakenly holding that "as rent arises, interest will fall as wages fall." And yet he concludes (chapter v. Book 3d) by reiterating that there are only two factors which "by their union produce all wealth."\*

Mr. Clark, in his "Higher Law of Property," blindly follows George in his deference to the exploded "rent theory," and also in his subjection to the capitalistic superstition. Saying that land, or the "bounty of nature," is "the primary source of all wealth," he continues: "The next source of wealth is labor. Man applies labor to land—to the bounty of nature—and procures food, clothing, shelter . . . . Then after a while he preserves some of his acquisition to aid him in acquiring others. As soon as he reaches this point, *a third factor* enters into production—capital. The man has wealth in store; he is a capitalist."

"Land, labor, capital. These three things underlie all wealth and all exchanges of it." That is to say, land, labor, and wealth underlie all wealth and its exchanges,† for he uses wealth and capital as synonymous in the immediate context. Mr. George was too shrewd to be caught in this logical *faux pas*,

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\* Asserting clearly this principle, he yet seeks to tax away the increase which is due to land and labor alone, and divide it between capital and labor.

†This is as accurate as it would be to say: "The land, foundation, and houses underlie all houses."

and Mr. Macleod avoids it altogether, though falling into a still more ridiculous error to maintain the same point, by taking up one element of the human mind as a thing distinguishable from the mind itself. But the utter vacuity of common sense is reached when Mr. Clark, blindly following his economic leader, intimates that the land owners of the nations "harvest all their own immediate profits and ultimately the profits of capital and labor besides."

We shall be unable to find, search we never so carefully, any reason given for a third source or factor in production which will bear the least scrutiny. Macleod wrote for the express purpose of proving that labor was only one of a great variety of causes which create wealth ; Mr. George to show that both capital and labor were equally wronged by "private property in land," and Mr. Clark, to show that capitalism and even landlordism may be allowed their present sway if his two per cent. tax be imposed. Surely one of these would have hit upon the "third source" if such existed, or such notion were capable of an intelligible statement.

## CHAPTER XII.

### PARTNERSHIP AND CO-OPERATION.

A NOTICEABLE feature attending the production of any wealth (I use the term in its industrial, not its trade sense) is that it is always social. Whether it proceeds by hireling or slave-labor, or by a more intelligent co-operation, there is, in acquiring any goods whatever, necessarily a combination of effort. Now, since labor and the land are inseparable in any industrial or economic problem, and since "the earth is the natural inheritance of mankind," it follows that the joining of labor to land in all production requiring more than one man is a partnership. It must also follow that all production under such combination of effort is the property of the partners so engaged.

"While any particular establishment belongs to the proprietors, yet so long as labor (present) and capital (past labor) are equally essential, any particular business considered in the aggregate is as much that of those who bring to it the labor as of those who furnish the money. If laborers withdraw from it, it comes to an end as certainly as when the proprietor closes his doors" (Justice T. M. Cooley in *N. A. Review* of Dec., 1884).

Distinctive industries, as well as individuals, are mutually dependent on each other, and intelligent

co-operation or reciprocation is really the life of society. In most industries, moreover, a large number of persons must work together in concert. No doubt such co-operation constitutes in its essential features a partnership. I can enter into no detailed account of the law of partnership, my purpose being merely to show that it is a principle of social industry, and was derived from the early community of interest in the early village society. That it was so derived, and is really a relic of the primitive organization, is sufficiently apparent in the simple characteristics the law has preserved through all the changes in civil and political institutions.

So far as the members of any partnership in the especial business in which they engage are concerned, it is a community of rights and of goods, features wherein it may vary from this being the result of positive enactment or special agreement. These variations affect partnerships, more especially, which are entered into for mere purposes of trade or speculation, the widest departure being made in regard to joint-stock companies, which make membership, if such it can be called, a matter of bargain and sale in the transfer of shares. This cannot be done in an ordinary partnership, otherwise the capitalistic privilege would cease to remain such, change only being allowed by the retirement of one or more, and the admission of another or others. In this respect co-operation, as it has been developed in England, and to a smaller extent in this country, corresponds to the principle of partnership, since it guards in some degree against stock-jobbing, which has proved so pernicious in our railroad companies.

and other joint-stock corporations. In these latter we have another instance of the exemption of capitalism from burdens and the triumph of "the market," which seeks the deduction of all things to its control, and to make them matters of sale and purchase. But for this corporate monopolies would by no means develop the dangerous powers they do. Without it the corporators would be more amenable to public law and could be held in some degree responsible for their acts.

Where two or more are engaged in any productive labor, they necessarily become partners. It would by no means require that anything more should be agreed to than simply that they work together in the procurement of some goods. Both in law and equity they would be partners and entitled to share in division, proportionally to the work done. In the absence of other contract or special agreement, no other conclusion could be drawn. Our laws, however, regarding property, and which, under the domination of capitalism, are made without any direct reference to labor, in defining partnerships, joint-stock companies, and co-operative societies, ignore labor as an element in production, or, rather, in the division, and make each partner's or stockholder's share of the dividend to depend upon the amount of money or other value invested. But the silence of the civil law in regard to labor does not make the claim of labor any the less valid. It simply throws it back upon the natural law and equity of the thing. It would probably be claimed that the labor performed would be recognized as so much stock contributed, or as so much labor hired or purchased ; and doubtless this

must be so. And doubtless, also, it is for this reason that the wages paid the laborer are assumed as a *full settlement* of the laborer's claim.

The necessity of co-operation in any field of industrial enterprise is too apparent to require proof. The very demand for labor is sufficient. If a man could do everything by himself, he would seek no helpers. Now, helpers are necessarily copartners in production, and, therefore, on the dying out of slavery, which was logically sustained only on the ground of contract, the wage system was adopted to give a fairer semblance to the older fiction and device for appropriating the partner's shares to individual use by the stronger and dominating member of the industrial firm or partnership.

The effect of wages was to modify the nature of such partnership in this way. The laborer was supposed to sell his membership in the firm, from day to day or month to month, as the captive before had been assumed to have bartered his for life, and even that of his children and posterity under slavery. Deprived of land, and therefore of opportunity to employ himself, he had no alternative but to thus, like Esau, sell his labor right. It was not even necessary to let him know that he had one to sell ; but since it was there, by this false reasoning it could be demonstrated to him at any time that he had contracted it away, if ever his blunted intellect should awaken. There were also some compensations which appealed to his dislike of intellectual exertion and of incurring personal responsibility in large undertakings. The wages, also, however small, were usually paid down or at short intervals, so that he would not have to

wait the slow process of production before he could enjoy its fruits. This is doubtless one reason why industrial co-operative enterprises have usually failed of success. The wages system, moreover, has its attractions, for as long as wages are good and employ constant, the worker acquiesces in the system till an industrial crisis overtakes him and he is thrown out of employment or has his wages greatly reduced. It is then that he becomes the victim of vain regrets and despair at his hard lot, and harbors thoughts of retaliation against those, perhaps, who are no more to blame for this condition of things than himself. He only sees his employer or the company who have had the direct benefit of his labor, but not the operation of those subtle influences which warp exchange, finance, and production itself to the aggrandizement of a few and the robbery of the many.

When it is said that all who engage in production are partners, it is not intended by any means to apply it alone to those who are engaged in a special branch or handicraft. Every step from the gathering of the natural production to the completion of the commodity and offering for consumption is co-operative ; the service of the merchant and the retailer as well as the cultivator and doer of mechanical services. The principle of equity applies, therefore, to the rule of division and the awards to services as well as to the settlement of accounts. It is for this reason that wages and profits afford no scientific solution, since, though they may be made matters of contract, they proceed by incompatible methods and irreconcilable ratios. The one is computed by rate and time. The other by rate per cent. repeated at intervals, which

produces a progressive ratio. Where this amounts to no more than a reasonable compensation for service, the injustice of the method does not develop itself; but when large values are transferred, the profits become added to the amount and thus multiply constantly. The wage-worker can only add his daily net earnings when anything remains over expenses. This does not increase his wages as the increase of the dealer's stock increases his profits.

Profits, as far as they compensate service, do not, however, like pure interest and pure rent, stand wholly dislocated from any economic or social relation. A large majority of those who rely on profits for their compensation do not receive more than an equitable share of the general production as compensation for the service they render the society they serve. It is only the few who, by use of large means and favoring circumstance, or, perhaps, by legalized monopolies, which enable them to operate without competition, are able to double their means, periodically, instead of adding to them, one by one, as at best the wage-worker is only able to do.

The true merchant apprehends that it is real service for which he is entitled to remuneration. The false merchant works for profits, and is not a co-operator in the social industry, but a despoiler and tribute-gatherer. His position to industry and social life is antagonistic. He appears never as a co-operator and helper. The division he seeks is not equitable or friendly, but oppressive and dishonest.

It will be objected, I foresee, that the progress of production would be greatly retarded, even ifulti-

mate success were possible, in making every worker in an establishment a partner, and to have a voice in the management of the affairs of the co-partnership. But I am not advocating any special plan of operation, only stating what are the actual facts in the case, viz.: that the co-workers are co-partners. Whether our civilization is sufficiently advanced to make practical the recognition of this truth is another and quite different question. And whether the wage-worker himself may not prove the greatest obstacle to an equitable system of industry and division is also one difficult at this stage to be determined. It is only when all the facts in any given problem are known that there becomes a possibility of its proper solution. When it is once received as a scientific proposition that ownership of the product of one's labor inheres in the laborer, whether that labor be single-handed or whether it be exerted in unison with another, or with a thousand others, some means of giving it proper recognition will not be wanting, and there is no need to embarrass a scientific inquiry by the bugbear of impracticability. It is of the utmost importance to any exact solution of the problem of labor, and its equitable award, that we divest ourselves of all those prejudices and superstitions in regard to property and the sacredness of contracts in which capitalism has entrenched itself, making itself, and not labor, appear as the giver of work and the creator of wealth. At this point labor must take its stand without compromise, or else surrender at discretion. For if by joining his labor with another, or others, the worker loses his title to his product, then the operator is under no obligation

to give him anything more than the competition wages, and these realized, he has nothing further to claim ; and when they cease he has no right to complain. If the factors and the elements belong to the capitalist, of course the results also belong to him. He has purchased both the labor and raw material in the market, and turned them into goods, and they are his. The labor reformer who yields here, acknowledging that capital has productive power, or that the factors in production, land and labor, are marketable commodities, kicks the ladder from under him on which he is attempting to ascend, and makes his position logically absurd. It is true the worker may exchange his share of the product after the division is made, or agree beforehand upon the division, and so accept a payment in the form of wages ; but to give such transaction a show of equity, he must be at liberty to employ himself, because, if he be denied his natural opportunity to labor, free access to the soil, he contracts under duress, and the payment of such wages does not conclude him. It is not a free, but a compulsory exchange. His claim for settlement still remains good to his share of the product of the partnership work, less what has been paid him, *and it is the difference between such share and such payment which constitutes the profits and accumulations of CAPITALISM.*

## CO-OPERATION.

The word which seems to stand readiest in the mouth of the unstudious and unreflecting well-wisher to the poor and toiling, is co-operation. This, it is thought, can work in some wonderful way to rectify

the usurpations of power, the weakness of ignorance, and the indolence and thriftlessness of the improvident. If, however, a little careful thought is exercised in obtaining an understanding of what co-operation really is, and what it is not, much needless, not to say extravagant, speculation would be avoided. The word means simply "working together," and is usually, though not necessarily, contrasted with competition.

In its industrial application, it embraces the whole field of the division of labor and of combination of effort, and has, in this respect, accomplished all which can be accomplished in the sphere of production while the great inequalities of division remain. Some neophytes in social studies imagine they have discovered in it the great specific for the misfortunes of labor, and think they see in its mighty productive power the means of righting all wrongs and overwhelming all injustice. They do not consider that every factory, every bonanza farm, every enterprise in which numbers are engaged and functions are specialized, is a truly co-operative proceeding. Even the slave plantation is such with its thousand slaves. The trouble is that these are forced, not voluntary, co-operations, and that this co-operation does not extend to the division of the products of this industry. While this defect remains, it does not matter how much the association of labor and capital and the division of labor may increase production; the disproportionate compensation will continue. Proportionals, added to or subtracted from each other, remain proportionals still. To increase the productiveness of labor does not necessarily increase the

share which falls to the laborer, unless equitably divided and exchanged.

The advocates of simple co-operation have generally accepted the capitalistic claim for profits and dividends to capital, apparently ignorant that it is in these exactions that the whole burden falling upon labor has its origin. Such co-operation is a mere change of form, which may give relief to one class by shifting the burden to another, already staggering under a too heavy load. To make our large corporations and industrial enterprises, as they exist to-day, truly co-operative, it is only necessary to stop the leakage due to rent, interest, and profits, and infuse a modicum of honesty into the system of dividing the products resulting from the labors of the co-operators by striking an equation between services and compensations. All the elements are at hand in the account-books of any concern in the land. And any accountant can make the proper balances if he be allowed to do so, by throwing out false entries and fraudulent footings.

It is therefore idle to hope for more favorable results from association simply. Division of labor and combination of effort are already carried to extremes in our industrial systems. In it specializations of functions are carried to an extent which makes mere automatons of the operatives. It dwarfs the body and the mind, and leaves only one faculty of mind or one set of muscles active. Such reduction of the man to the exigencies of large production is wholly unnecessary. With any equitable system of division, which would secure the application of the activities of all, a few hours' application to

one line of production would suffice each day to produce the comforts of life for each, and there would be left to all many hours of each day for healthful recreation and intellectual improvement.

## CHAPTER XIII.

### LAW OF CONTRACTS.

THE relation of this subject to the problems we are considering may at first sight appear remote, yet we shall see it has very important bearings upon the question as to whether the worker has forfeited his right to a living portion of the common earth, or whether he has surrendered his natural claim of ownership over that which his labor has created.

We have seen how contract followed the first stages of advancement from the veriest savage state, where the life of the subjected family or tribe was forfeited to the victor, in giving the successful warrior the right to the lifelong service of the victim so spared, and how such contract or interpretation of it crept into our civil code under the equivocal words of our national Constitution of "person held to service or labor," and "claim of the party to whom such service or labor may be due." It is not merely that contracts have their origin in the way shown, but it is difficult to see how they can exist in respect to debt on a more humane and fraternal method. For no sooner are the creditor's rights acknowledged in any legal sense than it becomes illogical to offer any modification or limit thereto. To give him the right to exact the payment of the debt is not of the least consequence, unless it confers the power to seize the

goods of the debtor. And if the debtor has no goods, or conceals them, the creditor is still powerless to effect collection, unless he is also empowered to exact the debtor's services. Now, he can only obtain control of the debtor's services by obtaining possession of his person. To control the person, however, involves dominion over such person's life. And in primitive times the debtor, when a husband and father, involved also his wife, his children, and his slaves, they following him into slavery and becoming subject to the absolute disposal of the creditor. The laws of Moses had many features which ameliorated this condition in some important respects, as by the return of the seventh year all debts were canceled. The poor Israelite could only be sold to another Israelite "who had substance." And he was to be treated as a hired, not as a bond servant, and was to be set free at the return of the year of jubilee (Lev. xxv., 37). But all these constituted no adjustment of rights between the creditor and debtor; they were logically an invasion or annulment of the rights of the creditor, which, if they have any logical basis whatever, are not to be thus limited and set aside.

In Greece and in Rome the creditor had power over the person of the debtor. The remedy which Solon applied to the desperate state of things he found in Athens was really the abolition of the creditor's power. The struggle between the patricians and plebeians of Rome centered around the attempt to limit the rights of the creditor. To such extremes was this right carried that a creditor could not only sell the defaulting debtor into slavery, with his family, but the letter of the law permitted, where

there were several creditors, that the debtor should be cut in pieces and shared between them. It is claimed that in this respect the Romans were found better than their laws. During the period of feudalism the person was not attachable for debt, but on its decay, and on the establishment of mercantile communities in Europe, it was revived, ostensibly in the interest of commerce. As late as 1830 over seven thousand debtors had been imprisoned in London alone during a single year. In this country the abolition of imprisonment for debt is a late thing in most of the older states. In most countries some of its features still remain. In Turkey the debtor is the virtual slave of the creditor, and he is held for a gambling debt the same as for any other. This is also true in Mexico and in other states on this continent and in Europe. In our own country, to remedy the operation of bankrupt laws and exemption of the person and property from seizure, there are in most states certain lien laws which operate to strengthen the power of the creditor over the debtor. These vary widely in different states, accordingly as the tendency is to favor the worker or the trader. Those calculated to favor labor are generally decided to be unconstitutional by the courts, while those which favor the trader are generally enforced.

I quote from the testimony of Mr. Atkinson before the Senatorial committee to investigate the causes of the exodus of labor from the South a few years ago. He refers that movement to the oppressions the colored people had experienced from the operation of the "system of credits granted by shopkeepers under the lien laws of Georgia, South Carolina, and

North Carolina," similar laws existing in Louisiana and Mississippi : "This system of liens is for the securing of advances to the small cultivators, to enable them to plant and raise their crops, for which advances very heavy rates of interest are charged, and to compensate for the risk thus taken by the persons making the advances very exorbitant prices for the supplies furnished are also charged. . . . Advances used to be made by the land owners to their laborers, but are now mostly made by what are known as cross-road storekeepers. I was informed by persons who seemed to have positive knowledge in the matter that the difference between the cash price of the goods and the price at which they were advanced under the liens ranged from fifty to one hundred and twenty-five per cent., and that those who sold at an advance of from fifty to seventy-five per cent. considered themselves very honest dealers, and that they were doing favors to those with whom they were dealing."

The consequence of such a system of contracts so enforced can be readily imagined ; constantly increasing dependence and poverty on the part of the workers, and which can hardly benefit the land owners or shopkeepers themselves. That a few workers may, by extraordinary industry and saving, or favored by exceptional circumstances, even emerge from this state of helplessness is possible ; but any general improvement or amelioration under such conditions is simply impossible. If in person they are not liable to seizure, yet the product of their labor is subject to a lien, first for rent, and secondly for everything they have used or consumed in cultivating or managing

their allotment of land. Denied access to the inheritance bestowed on them by nature, they have no resource but to submit to the terms of the land owner in the first place, and no means or opportunity to provide themselves with tools, seeds, manures, etc., except by mortgaging the future crop. Under such circumstances how can they make a contract which can justly bind them or which society can properly enforce? As they are excluded from their rightful patrimony, they can make no valid contract as to their labors upon that which is of right their own or as to the product such labors may yield.

The subject itself is such as to preclude a rational contract. That the man works the land precludes another's claim to it by the natural law of use; for, though it might appear in certain cases that if he did not work the land the pretended owner would or might do so, the reverse is generally true; rented land is usually what the legal holder does not and cannot use. As the right to use a thing depends upon its rightful ownership, and the right of ownership is derived from labor, a man to obtain the benefit or use of goods or lands must use them in person. This is the natural law of use. Only partners in creating can rightly be sharers in using. When the occupier of a house has paid in any form its full cost, such house in equity belongs to him, not to the person whom he has paid for it; and when the cultivator of a farm has paid the cost of the improvements upon it, the farm belongs to him and not to the one he has paid.\*

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\* The *right of use* is an inseparable adjunct of the *duty to use*; it exists in potency only where the *power* to use exists, as the right to life

The same principle applies to all forms of wealth as well as to the land and its improvements. If one does not wish to use his money, food, clothing, or any goods himself, he can only exchange them for something else, which he does desire to use, or thinks he may desire more sometime in the future than the thing he parts with. When the exchange takes place the right of use is exchanged, and of course is canceled on each side. *To give to one party the use of both things is no exchange.* And to loan or hire out such use is a fraud perpetrated against nature and man. It is an attempt to exercise the right of use without the performance of the duty to use. Certainly society cannot justly recognize contracts which bind the party using anything to give the benefit of such use to him who declines to use.

But the denial of the right to share the benefits of use to those who do not use does not prevent any just claim they may have to the thing itself. That a contract may be binding, it is necessary not only that no deception be practiced, but that no advantage be taken of one of the contracting parties, in consequence of his ignorance of some fact in the knowledge of the other, which would have prevented him from entering into the contract, if he had known it. Society cannot in equity enforce any contract tinged with fraud, misrepresentation, or where it has been entered into by a party under misapprehension of

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exists only in *the living*; and all the advantages of a given use belong to the DOER of it. A man may take helps or partners to perform a use, but cannot farm out or sell any duty or use that God made *his*. Neither the moral law nor any man's duty under it can be changed by human volitions, or agreements, or mandates.—I. H. HUNT.

facts within the knowledge of the other, but withheld. To make a contract valid, so as to warrant the interference of arbitration in its enforcement, it must be entered into by those competent to make it. A minor cannot contract, even under our laws. A person under duress cannot. A contract which is entered into to regain possession of what is wrongfully withheld from one cannot be enforced by the one who did the wrong. It has been decided that the partner cannot deal with a partner for his share of a business without putting him in possession of all the information which he himself has with respect to the state of their affairs. Advantage cannot be taken of the imbecility of a party, or of one who has been induced to intoxication to forward an agreement.

All contracts which involve the alienation of a man's natural rights, or those of his children, are excluded, for reasons obvious to the most stolid. It is no contract, and, as we have already shown, no exchange. As to the compensation of the laborer, wages is no settlement of his claims, and there is not one of the circumstances present which would justify society in assuming that the wage-contract, whatever it may be, is a contract which debars the laborer in the industrial partnership from claiming his equitable share in the joint production. And in respect to debt contracts, they are not entitled to regard except as matters of trust, as where one confides the keeping of his goods or funds to another, or of an incomplete exchange, where the transaction has been fulfilled upon one side, but not upon the other. If there are risks run in such attempts at exchange, we

may assume, in the absence of any proof to the contrary, that in the transfer on the one side, and promised transfer upon the other, this risk has been adjusted at the expense of the party who is responsible for it. But if it involves a payment for delaying transfer by the one party, other than the reasonable risk, it involves a principle of usurance for the loan of the money necessary to discharge the obligation, and is no more binding than any other obligation given without consideration. For no consideration can be shown, unless the circulating medium consisted of "ducats" *which breed*, or of notes which themselves bear interest, as some of our "war measure" money actually did. The wisdom of having society or government interfere in any way with the exchanges of individuals may well be questioned. Usually the exchanges are completed. It is a matter of choice with one who has a commodity to dispose of, whether he will have cash or barter, or whether he will part with it upon some one's promise to pay him at a certain time. If he does this voluntarily, what has society to do with it? But the man may refuse to pay him when the payment becomes due! True; but this is one of the contingencies of the transaction. While laws for the collection of debts are in force, certainly he can invoke their aid, and plead with show of justice that the fact of their existence on the statute book was one of the encouragements, if not inducements, to give the credit. But when that law is repealed, he has no such plea to make and cannot justly throw the burden of his mistake, in dealing, upon the public. But even while such laws remain, it is not nec-

essary that society should enforce the payment of interest. To repeal all such laws prospectively could do no wrong to anyone. There has been a long and loud clamor against the "usury laws," from the days of Jeremy Bentham to the present time, but without a single intimation from any writer of repute of the logical complement to their abolition, viz.: the withdrawing of the subject wholly from the operation of law; letting people make such agreements in regard to it as they please, and fulfil them as they please, the same as matters of gaming and other things outside of law. Society can have no interest in promoting the practice of usury any more than that of gaming. Its operation is wholly to divert the social wealth and the products of all industry from the true owners into the hands of private parties, whose increase is at the expense of the general good. It may, nevertheless, be a wise action to forego the legislation by which it has tried so fruitlessly for so many centuries to abate the evil, if, at the same time, it will wash its hands of the vice by ceasing to enforce it.

We can anticipate, of course, the interest its apologists will express in the poor land owner, who would not in that case be able to borrow money or obtain the means to do any business or save himself from want. I remember the same cry when imprisonment for debt was abolished. All this is very pathetic, but is only a false scent thrown out to cover injustice. It is paying interest and getting in debt which has made one hundred poor for every one it has aided to improve his condition. The credit which depends upon the power to coerce payment of interest upon

it had better not exist. All necessary and useful exchanges can be made without such laws or such credit.

It has often been proposed to make the payment of interest apply as payment of a debt by installments, and to recognize no other contract as to its payment. In fact, in the absence of statute laws, this would be the natural disposition of the subject. Lycurgus, Solon, and Julius Cæsar established such laws, and their conduct has been approved by the thinking minds of all ages. And what is now required is not the establishment of a law, but the *diseestablishment* of one which is the remnant of the barbaric law that gave the creditor the power of life and death over his debtor, and over his wife and children. How much less barbaric is the law which now allows the creditor to place a lien upon the husbandman's crop, or lift the roof from the cot of the Scottish crofter, and turn him homeless with his family from the domain on which his forefathers have lived for a thousand years, to make place for a cattle range, a sheep farm, or deer park? Any enforced collection of an interest-bearing debt means all this and more. In its broader application to communities and states, where the power to borrow is quite certain to be abused, it means the bombardment of cities, the butchery of citizens, and the imposition of unworthy rulers and obnoxious forms of government, as illustrated many times in the present generation, notably in Mexico and Egypt.

Relying upon the law of force and the well-known proclivity of monarchical rulers to do the bidding of capital, the public functionaries of a country are

tempted or bribed by financial sharpers to run largely in debt, and when the people rebel against the outrageous taxes levied to meet the interest, that country is invaded and reduced to subjection by all the "means available to civilization." Such is the logical sequence to the debt and credit contract upheld by force.

## CHAPTER XIV.

### MONEY AND CREDIT.

THE references to these subjects are not intended as specific investigations, but relative only to the more primal matters of production and of exchange, to the latter of which they are mere instruments.

The value inherent in money, as where some valuable commodity is employed for a medium and standard, is only important as a means of security in incompletely exchanges or to make good a balance remaining due to one party to a transaction. Otherwise, anything whatever may be used as a tally, like notches cut in a stick, or pebbles thrown in a pile, or figures placed in a book, as agreed upon between the parties. A current tally must, of course, have behind it a general or "common consent," or it would fail to be current. To such public tally or currency there will be necessarily attached, if not inherent, a guaranteed value equal, or assumed to be mutually equal, to the things exchanged, as two values are proved to be equal to each other by demonstrating their mutual equality to a third. If, however, the exchange is a complete one, it will make no difference how valuable or how worthless the currency may be in which it is merely calculated. A man selling a horse for one hundred dollars and taking two colts at fifty dollars each in payment, has no concern as to the money it

is calculated in. An exchange, in fact, is never completed until the commodities exchanged are received on both sides. When a man parts with his services or the commodity in which his service are enfolded for a certain amount of currency, he does not part with them for the currency in itself, but for other commodities which he needs to support life or promote his enjoyment which that amount of currency is supposed to command when and as he may desire them. And the same is true whether the currency has intrinsic value, as in gold and silver, or merely guaranteed value, as in promises to pay. It is now seen why a stable value in the currency is requisite to anything like an equitable system of exchange where delay occurs in the completion. During the civil war the greenback, the currency supplied to the people, was subject to daily and hourly fluctuations, sometimes reaching as high as twenty-five per cent. in a single day, and varying altogether from par to one hundred and eighty per cent. discount measured by gold, which itself was at one time at four or five per cent. discount in silver, which again, in its ability to purchase labor or stable goods, was also subject to a wide fluctuation.

Of course, exchanges were altogether a matter of hazard under this state of the currency, and the most careful dealer could not tell when he was selling a thing at a supposed advance whether next day he would be able to replace it for the money he had received, and was only assured of his gain or loss after he had repurchased.

The man who has stored a few silver or paper dollars depends upon the "common consent" of all

with whom he anticipates dealing to receive them, whether paper or coin, at same value as he received them, and when this is assured to him it is a matter of indifference whether the dollars have actual value or only its guaranty. In either case he can put the currency to no use, unless, indeed, he wishes to put the silver to some industrial purpose, when he would really buy of himself the bullion contained in the dollars. The greenbacks would serve no purpose for food, or clothing, or shelter, unless turned into beef, bread, etc., furnished by actual labor. So that no exchange is complete until both sides to the transaction are "satisfied." "Money itself is only a higher order of bill, and though giving money is *payment*, it is not *satisfaction* until the money is exchanged away for something that is desired. Thus, though a shoemaker is paid when he gets money for his shoes, yet he has not got a satisfaction until he has got bread, or meat, or wine, or anything else he desires in exchange for the money. We have seen that the early economists expressly pointed out that money is only an intermediary in exchanges: it is only a general bill of exchange, or right, or title, to be paid in something else. They only considered the exchange as *consomme* or completed, when products had been exchanged against products" (Macleod, E. E., p. 219.)

The great danger from a fluctuating or unsound currency consists in the character of the credits it engenders, and the facility it gives to obtain possession of things which have not been earned. Indeed, a credit money, when not, as in the case of government notes, a *forced loan*, cannot be put into circulation without placing so much property or goods as

they represent or command into hands other than the owners or producers thereof. The problem seems, then, to discover some method of measuring and compensating the transfer of goods so as to make each party thereto secure in obtaining an equivalent for that which he parts with. When a promissory note is given in exchange, whether of the other party of a corporation or of government matters not, *its value consists wholly in the probability that it will be redeemed at maturity, or, if on demand, at presentation.* For upon the question of its redemption depends altogether whether the owner will have *sold* or *given away* his goods.

But even assuming that the note is *certain* of redemption, or, at least, of enabling the holder to obtain that for which he really sells the goods, there is still the element of *debt* in it. The issuer, banker, or government has consequently obtained so much value for which no satisfaction has been given, nor does there appear any means other than this by which a money can be put in circulation, except it be a commodity money, or a money issued upon a deposit of commodities, as a gold or silver certificate, or a certificate of some responsible custodian that commodities, or goods, or services are held subject to order. In that case, there would *not be a credit* but an *actual exchange*, the purchaser receiving his goods and the seller the order for his, or for their value, to be had at his pleasure. Such certificates could effect exchanges with security and facility, if some means of divisibility were discovered so that larger or smaller purchases could be made with it.

This description of money would not constitute

credit in the purchase. *To make a pure credit it is necessary that one shall be able to buy commodities or obtain money without exchanging anything for them.* A lien upon the goods themselves would prevent their use or disposal, and so constitute no proper transfer. A pledge of other commodities or mortgage might be given, but then their disposal would not be allowed, and would be equivalent to a mortgage or lien upon the purchase itself.

Therefore, credit money, or an actually pure credit of any kind, is possible only where *one party purchases something from another, to pay for which he has nothing but the thing purchased.* I am not speaking of transactions between parties well known to each other, in which one may not have, at the moment, available currency to meet the balance of an exchange. Selling goods on short time without interest, or keeping running accounts with periodical settlements, is usual in all lines of trade, and, though attended with some risk, is followed from its greater convenience as compared with cash settlements in each separate transaction. It is not at all from such transactions that *interest on debt* arises, but from the borrowing of means to do business with, or to anticipate one's earnings, or to live in advance of one's income. The other form of dealing, popularly called credit, equally desired by purchaser and dealer, doubtless facilitates exchanges and indirectly hastens production. But it is not because credit is productive, but because the confidence and mutual trust these parties put in each other enable them more readily to adjust supply to demand. To say that credit, *per se*, is a productive force, is to assume that

it creates something from nothing ; since the borrowing of a horse or a plow does not make any more horses or plows than there were before. And when I have borrowed a hundred dollars of a friend, it by no means adds a hundred or a single dollar to the general amount of circulation. Borrowing money or anything else, in its exact sense, can only be justified in great necessity ; and lending is then enjoined as a *moral, not as an economical, action, usury* for which is clearly a moral wrong. Of such necessity, too, the lender must be the judge. For of the numerous small or large sums one lends during his lifetime, seldom one turns out to be more than a temporary relief to the borrower, even when never called upon to repay ; and often proves an injury by encouraging mendicancy. A friend of mine who had many years ago retired from active business with a small fortune, mostly ready money, told me that he was adopting my ideas about interest and thought that he was really doing much good by loaning to poorer people his money at a lower than the legal rate of interest. The last time I saw him, however, on inquiry as to his experience, he said he could not point to one whom his loans had permanently benefited ; that most of those who had given mortgages on their homes had failed to keep up the payment of the interest, and that he had made up his mind that, however advantageous credit might be for the unscrupulous who held good security, it was bad for everybody else, borrower and lender alike.

It is this intimate connection between money and credit, indeed, their identity, which makes all legislation in regard to it a doubtful and uncertain ele-

ment. The whole subject of *legal tender* turns upon the laws for the collection of debts. Without their existence no legal tender, but only a general tender, would be required; because all our experience in currency shows that a bank note or a treasury note, other than legal tender, will affect exchanges just as well as gold and silver. Indeed, the first issue of treasury notes in the late war continued at par, while the legal tender greenback declined to less than one-half because the government refused to take it for duties on imports, or to pay Shylock in what answered well enough for soldiers, and, indeed, for every branch of industry and healthful business. The history of that time shows how readily business and industry accommodate themselves to circumstances, and how little honest work need depend upon the fostering care of the government. When the government became embarrassed by the needs of a gigantic war and entered on a career of enormous credits, gold and silver, and even nickel and copper currency, took themselves out of the factory and warehouse. The state banks furnished dollars (paper), but no change. Immediately the postage stamps fell into its place by general consent, mucilage and all, although they had no legal power to pay debts. The government, taking the hint from this circumstance, gave out the postal currency, which served an admirable purpose till the change crept out of its hiding-places, some years after the war had closed.

In reviewing that period we see how it was principally the matter of credit that was affected by those changes in the currency and its values. To persons who exchanged substantial values on a certain day

it did not matter whether the dollar was twenty-five, fifty, or one hundred. The ratio between their two commodities remained the same. Differences only arose where commodities were in process of exchange or *in transitu*. It was, however, where debts were due that the great disparities were seen. Immense amounts of mortgaged property were redeemed at fifty per cent. and even less, by taking advantage of the legal tender paper. In 1864 I sold, for a friend residing abroad, gold at 2.60, and paid off a mortgage which had been given just before the war when gold was exchangeable at par.

But money borrowed during the war was subjected to the reverse action as the premium on gold receded. Other commodities, of course, receded with gold so that the borrower had, by so much, less to pay with. That is, he had to pay his debt, which was contracted in dollars at seventy-five or fifty, in dollars at one hundred.\* Doubtless this contributed largely to precipitate the panic of 1873 ; but in reality the same or a similar thing takes place, independent of any change of the currency, whenever credits are extended and then shortened. The impulse which credits give to production, and which at first yields profits, appearing to justify the claim that credit adds to production, really reduces by so much the ratio of that production in the long run, as an abundant crop reduces the price of grain. But by the time payments are required and credits drawn in the prices of goods

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\* The idea of "honest money" as held by the capitalistic mind, is the same as that which would be entertained by a merchant as to the "honest balance," with a movable fulcrum he shifted at will, as he bought or sold in the same scales.

are so reduced that, in addition to being minus the interest paid, which equals the principle in every ten or twelve years, the borrower has to pay his debt in money worth one hundred and twenty-five to one hundred and fifty in its ratio to the commodities he manufactures or deals in.\*

The view taken of credit and interest, or usury, is often confined to the lender and borrower ; especially as to the moral aspect of the question. We can conceive of circumstances where neither would be advantaged or wronged by it. A man himself paying interest or rent and having values due him, or lending means to an importunate friend or neighbor, would not be benefited ; because by paying so much upon his own indebtedness he could save the payment by himself of so much interest. The friend, moreover, may, by the aid of the money borrowed, buy a house or pay off a mortgage and thereby save in rent or interest what he pays as interest to the lender. So that as *between these two* there may be

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\* This principle is well illustrated in the speculative farming which has been carried on for several years in the West. So flattering had it become, that many went into it with borrowed capital. This enabled the special production to which it was directed to be largely increased, resulting in a great decline in the price of wheat, and in the ruin of many of the wheat-growers who had believed that credit was productive. Such diversion of goods to speculative production through credit doubly affects exchange: reducing the price of the product by increasing its supply, while reducing the demand by withdrawing labor from or ceasing to employ it in other industries which produce the things for which it may be exchanged. The past year has been one of great disaster to such production and a bounteous harvest for the Shylocks, while the small farmer, who resisted the temptation to use credit, is comparatively prosperous.

nothing which is morally wrong or economically unjustifiable, because the interest paid and received by each may balance each other.

But it is as a social question that its true nature appears ; because this payment of interest, how far soever it may be shifted, and all the more certainly because it can be so shifted, falls at last upon the labor which produces the social wealth. And it is because credit no more than other forms of capital, excepting land and labor, can produce anything, that usance paid for it is immoral and unjustifiable. Credit under these circumstance becomes pernicious, because it not only helps to keep up the interest fraud, but becomes itself a means of doubling and trebling the amounts abstracted from the labor and the land by this subtle and widely diffused system of robbery.

A man of large means and financial probity can let out all his money on well secured property and yet have credit for large amounts. This credit, as shown by the economists, is as really capital as his gold and silver, By establishing a bank and issuing notes without interest, as the banks are authorized to do, he can let them out to business men on good security, and so derive an income from what he owes. The national banks are contrived for precisely this business. By lending a hundred thousand to the government, ninety thousand is returned to them to let to the people, who are also paying to the banker his interest on the whole hundred, and not unfrequently on their own deposits also. But it is not necessary to particularize persons or classes. The evil lies in the vice of seeking control of that which we have not earned,

whether on the part of debtor or creditor. The evil of credit is of wide social effect, and permeates all fields of industry and commerce.

Did any way appear to retain credit and abolish interest, it might be unnecessary to antagonize credit. But until an available way to accomplish this is shown, it must continue, as now, to be the basis on which usury rests, and is really equivalent to a monopolized control of the land, since the law cannot interfere to enforce the credit contract without involving the right to control the person and service of the man and the result of his labor upon the soil. The intimate relations of these questions were recognized as early as the time of Solon. To repeal all laws for the collection of debts would effectually dispose of the credit question, I think, without doing the least injury to industrial production or making it any the more difficult for the poor to employ themselves or to conserve the results of their toil. The only parties it would unfavorably affect would be the irresponsible business adventurer, or the would-be spendthrift. Usurers and stock gamblers would have more difficulty in finding victims to fleece, and be wholly unable to lay industry under tribute, as now.

But it is a long time before our people, through legislation, are likely to do anything so sensible as this, and it is even too much to expect that they will repeal so much of the laws as now enforce the collection of interest or of any debt, the principal of which has already been paid by instalments as interest.

The money of commerce would be such as growth, experience, and general consent made it, if governments would take their hands off, since commerce, if

left to itself, would soon provide its "instruments of exchange." Government should at least cease to do what it has for the last quarter of a century, and indeed, through its whole history, been doing, play into the hands of the spoilers, and make the currency a football for the stock gamblers and usurers. The form which money will ultimately assume will doubtless be a currency based upon labor, so as to make the labor of any member of society, however humble, a general tender for all such desirable and useful goods as are in supply; but at that time commerce will have ceased to be the agent of the pirate and the freebooter, of a privileged or idle class, and become, what it is capable of becoming, the hand-maiden of social industry and universal reciprocation.

## CHAPTER XV.

### OF VALUES OR ECONOMIC RATIOS.

ACCORDING to the later school of economists, "Value is a desire of the mind," and signifies the estimation in which a thing is held. But it is evident that in order to give this desire any logical expression, the thing must be compared or measured by something which is external and objective. To say that a man desires, esteems, or values a horse has no meaning until a comparison is made with something which he is willing to give for it. And whatever the thing or amount of money, or commodities, he is willing to part with to obtain it, turns at last upon how much labor or life-force he is willing to bestow on the possessor of the horse in order to make it his own. It is this consideration which moderates the blind desire and reduces it to some regular form where it can be recognized as a force in social affairs. It is subject also to another regulating principle which modifies and limits it. A madman may desire a means to destroy another's life or his own. An inebriate may desire liquor though its use brings *delirium tremens*. But these desires, and all others which seek unnatural and illicit gratification, cannot enter into any economy of social life or justify any social transaction. It is inconceivable how anyone can desire or value that which is not productive of some useful

results, either to self or to others. That some childish whim or habit may make things desirable to the uninformed or diseased mind, which injure the individual or society, cannot change the general fact that *why things are desired or valued is because of their ability to sustain and prolong human life and increase human happiness*. That the individual may think some possession desirable to him which will wrong or injure another will not prevent society from acting upon its sense of the "greatest good." If these estimations conflict or disagree, it becomes the business of science to reconcile such contentions. The principle of utility enunciated by Jeremy Bentham, and supported by Mill, Spencer, and other noteworthy authors of ancient and modern time, as the great moral motive governing mankind, is certainly the force controlling all intelligent social and economic interchange, whatever its exact place in morals. The ignorant and imbecile, controlled by blind prejudice or feeling, may fail to act from it; but this does not discredit the principle, for, even in these cases, the estimate is based upon what they imagine or believe will be most useful or serviceable to themselves. So that if value is merely a desire, it is, at least, a desire for some real or imaginary good to *self* or to *others*. By the definitions of economists, therefore, value is dependent on utility and service.

" You see that utility, under whatever form it presents itself, is the source of the value of things" (J. B. Say).

" There are three orders of quantities, and only three, which satisfy the definition of wealth, and

these may be symbolized by the terms—Money, Labor, and Credit" (H. D. Macleod).

But since money is but a "work tally," and since credit is but a promise to render service or some desirable thing in which services of utility are incorporated, or, at most, a right to demand them, value is necessarily derived from its source, the utility of things, through labor. Really, then, the only means of giving value to anything, or of rendering available the utilities in natural things, is by useful service. The term value is, however, too equivocal to be safely employed without specific definition. In trade, to which economists now wholly confine economic investigation, the word is more often employed to mean the exactly opposite thing to that which they insist is its meaning, as, "I am paying you more than the value of these goods," or, "I am selling them to you far below their value." It is said that "commercial bargains are the delight of the Greeks, and they often manage to part with their wares to the Turks for twice their value."

The only proper thing seems to be, then, to distinguish Value in Use, Value in Service, and Value in Exchange.

Value in Utility is an invariable proportion.

Value in Service is a stable proportion.

Value in Exchange is a variable proportion.

Preferably to value, however, I use the term ratio. The ratio of utility is the proportion which one thing bears to another in its ability to yield sustenance to human life or to supply its varied needs and desires. This ratio is *unvarying*. A hundredweight of the same quality of wheat will at all times and places,

other things being equal, sustain animal life to the same extent, whether it cost ten dollars, or is so plenty as to be had for gathering, or so cheap as to be used for fuel, as corn sometimes is in our grain-growing states. The ton of coal, of same quality, will give out the same proportion of heat, make the same amount of steam, and raise the same number of foot pounds, whether it cost five dollars or nothing but the labor of picking up from the ground, and maintains a constant ratio in that respect with wood, coals of a different character and grade, peat, oils, and all other substances used for fuel. A pound of wool will yield the same amount of yarn or cloth, whether it cost a dollar or a dime, and holds a fixed relation, as to use, with cotton, flax, silk and other fibers suitable to be turned into fabrics.

*Upon this ratio of use everything which can claim to be exact in economics depends.* But in the differing judgments of men a difference of estimation occurs, as people will disagree as to whether it is hot or cold in absence of a physical thermometric standard.

But this ratio, although it may not be clearly apprehended by the many, is, nevertheless, an invariable proportion, capable of being ascertained with exactness in every industrial or economic relation. And no commerce or industry can long endure which ignores it. The ignorance, deceptive teaching, or trickery which at present renders it obscure in business operations no more brings it into doubt than does the inability of a child to compute the product of a certain number of pounds at a certain rate, in consequence of which he gets cheated by the dishonest merchant, throw doubt upon the truth of the

multiplication table or upon the exactness of the pound as a unit of weight.

THE RATIO OF SERVICE is a stable ratio, and relates, first, to the human energy exerted; second, to the time through which it is exerted, and third, to the utility of the resulting product.

Of these three elements, utility is a certain and unvarying proportion. Time also is capable of mathematical measurement. And the energy is also ascertainable with sufficient practical accuracy. *A day's or an hour's work*, as to what should be its product, is quite generally well known in every trade, profession, and calling. It is hence apparent that the vast inequality found to exist in society, in relation to compensation of service, must be attributed to causes wholly outside of any natural law of exchange. For the tendency to equal compensation for services of equal utility is as inevitable as the finding of its level by the water of the ocean.

The utility of a service naturally determines the ratio of its compensation. For however hard a man may labor, if he produces no useful result, the labor to him is void. And by no equity can he exchange the results of such negative service with the more useful result of another's toil. He will only be able to do this by taking advantage of the childish estimation of others or of crude social and civil institutions. The services which the speculator, usurer, slave-holder, landlord, the gambler, burglar, or highwayman perform, are not compensated by any economic law, but by the law of cunning, fraud, and usurpation; for wherein the services are without use, they can only

command pay by the exercise of brute force or by the aid of state power and barbaric custom.

By equal compensation we are not to understand, necessarily, an equal sum of money for an equal number of day's work ; for not only will some day's work effect greater utility than others, but some employments are much more exhaustive or involve greater hazard to life and health than others. It may serve to silence the objector to the equitable view to remark, however, that, even should society, by some arrangement, or by any movement to " establish justice," arbitrarily make all compensations equal, the employments which require culture and talent would still be sought by those best fitted to them. The artist would paint pictures, model clay, or chisel marble in preference to digging ditches or breaking stone, although the compensation were no more for the one than for the other. The clergyman would preach in preference to holding a plow ; the lawyer would plead and counsel clients in preference to sawing wood ; the merchant would serve customers in preference to grooming animals, and the *prima donna* would sing at the opera in preference to croning in the nursery or even to acting the " walking lady " before the scenes. Exceptions to this rule would merely show that some had adopted an employment not suited to their tastes and qualifications, because forced by circumstances or alluredd by cupidity.

To throw discredit upon the proposition of Adam Smith that labor is the creator of value, the later economists, after having defined value to be merely the amount of money a thing will sell for at a given place and time, attempt to show that the same

amounts of labor produce values most unequal ; that, indeed, the great values, as of land, stocks, and other speculative capitals, are not produced or based upon any labor whatever. Yet even these are determined and upheld by the amount of interest, rent, or profit they exploit from labor. Right to place and opportunity are in their nature indefeasible, and the laws or customs which sanction traffic in them are the out-growths of forceful or fraudulent usurpation. The income such perversion enables the land or money-lord to exact is derived wholly from the uncompensated labor, or is a draft upon the fertility of the soil. In order that a person may procure and enjoy the uses existing in natural substances or forces, it is necessary that he put forth the requisite exertion, or makes the effort or sacrifice necessary to obtain them. The proportion thus realized may be said to be the

#### RATIO OF SERVICE AND COMPENSATION.

The ratio of service is the proportion of utility a service secures. The ratio of compensation is the proportion of such use enjoyed by the doer of the service, whether acted upon in the social life and system of exchanges or subverted at the will of a despotic individual or class control. And this seems conclusive with respect to equal compensation for equal time, since, if one increases in a given time the utility of a product ten, and another is able to increase it twenty in the same time, it is clear that the service, and hence the compensation, of the latter would be double that of the former ; for time, though an important factor, is not the only one in determin-

ing the ratio of service and of compensation. The ENERGY exerted through the time engaged and the thought employed are also elements in the production and consequent compensation.

## RATIO IN EXCHANGE.

Unlike the ratio of utility, which is a constant quantity, the ratio of exchange is an ever-varying one, subject to a variety of fluctuations from a variety of inciting causes—as by the occurrence of plenty or scarcity, the changing tastes and fashions, by imperfect judgments and erroneous estimates of people, forestalling and purposed manipulations of trade, and by bulling and bearing the market, resulting in insane advances, followed by corresponding declines and actual “panics.” Disproportionate supply results mainly from unequal application of labor to desired uses or from unequal products from the same labor, as when a crop is more than usually abundant or short. The same result follows in the tendency among a people to engage in new enterprises, or in the production of a particular commodity or crop, which has come into popular favor and promises extra remuneration. The effect of fashion to change prices, especially in matters of dress, must be familiar to all. Every merchant or manufacturer has experience of the loss sustained by allowing a stock of goods to remain on hand until they have become unfashionable.

The result of forestalling and molding the market to raise or lower prices needs little illustration. The methods are too numerous and varied to be described

here. It is sufficient to point out that, under monopoly of the raw material, and the forced competition resulting from that cause, it is easy for those controlling capital to put down the price in the market below the mean when they seek to purchase for holding, and to put up the prices above the mean when they wish to sell. They are thus enabled, not merely to take advantage of the ordinary variations in supply, but to create artificial supply or scarcity as suits their purpose, and so think their capital has earned something when it has merely taken the earnings of labor. It is pointed out by some economists that such tampering with the market must lead to disaster to those who attempt it; but it is hardly denied, I think, that such manipulations occur, for dread of disaster does not prevent gambling; and that they greatly affect the fluctuations of price is well known. That is the only question I am discussing now. It will be seen elsewhere that those who have exclusive control of the land have the power to and do change wholly the fluctuation in its price from a variable ratio, vibrating each way from a neutral point *to a constantly advancing ratio, which never recedes.*

The fluctuation in the price of things uncontrolled by monopoly must necessarily rise above the *mean* as often and as far as it falls below the *mean*. The pendulum swings as far to one side of the point of rest as to the other; the tide rises to the same height above and falls to the same depth below the general level. Hence the cornering of land places that outside of the economic law, and proves it not a proper subject of traffic. There is also a fictitious element in trade, which cannot be too soon exposed and ex-

purgated. It is the assumption of money arbitrarily created as a standard of value or MEAN ratio *in exchange*. It is absolutely certain that gold or silver, which are made *legal* tender, and thus despotically made the mean, are far more fluctuating in their value than iron, tin, or copper, and that in long periods even more than the cereals, or any staple product of human labor. The manipulators of the market have, therefore, not only the advantages I have pointed out in respect to land and monopolizable commodities, but the power, by locking up the tenders, *to shift the mean* or standard by which prices are determined from time to time.

It now seems only necessary to ascertain the relation which the ratio of use sustains to the ratio of service and compensation, and through that to the ratio of exchange, in order to form a basis for the establishment of a science of industry and social economics as exact as any of the physical sciences.

The Theorists, if such term is due them by courtesy, who propounded the "balance of trade" as a government policy, made but little pretense to exactness, but entrenched themselves behind the narrowest prejudice. The French economists built upon *one* economic factor, the produce of the land, while ignoring labor, except as a dependent adjunct. The English economists built upon the other factor, "labor," evading, however, its relation to the land. The American economists of the Carey school recur to the "balance of trade" to correct the omissions both of the French and of the English schools, but fail to apprehend that it is *both* "land and labor" which are involved in any and all industrial produc-

tion, and that freedom in the union of the two is essential to anything like freedom of exchange. Now, since no desirable thing can be produced, *even in its trade sense*, without labor and its application to the land, it follows that the ratio of cost is proportionate to the extent of such application, and since these two factors only are concerned in the production of any goods whatsoever, these factors only can be considered in any attempt at a scientific system of division. As between the two, then, the land and the labor, the economic principle is this : To the land goes, in the long run and wide range, as much of every element as has been taken from it. It would be too violent a stretch of the most elastic of economic principles to make them cover the reduction of the fertility of the soil and the exhaustion of its power to reproduce. The utility of any commodity, therefore, consists in that reduction to form or adaptation of it for use *which abstracts nothing from the soil but what will be returned to it*. And as the elements of fertility go back to the land, so the uses go to the labor. This constitutes what Adam Smith designates "the natural rate of wages," "the whole product of labor." Without discussing this proposition as scientifically exact, we may say, with entire exactness, that it constitutes the ratio of utility in the service, and, therefore, the mean ratio of exchange. All fluctuations or variations from this mean arise from causes set forth above, or of a character kindred to them.

It will be assumed that things may have utility which require no labor, as air and water, which are essential to life and health. But these can have no

relation to exchange until they are privately appropriated, and hence, in a state of nature, are outside of any problem of exchange. If it were possible to monopolize the air and water, as it is to appropriate them to a limited extent, so as to make them exchangeable commodities, they would then, indeed, command a price, but their ratio in exchange would still correspond to the amount of labor required to store them and guard and maintain the monopoly, or upon the service which they would impose upon those who had no means of escape from the operation of the usurpation.

The importance of a branch of social science resting upon so flimsy and kaleidoscopic a base as value when economically defined must be seen when we reflect that the causes which give rise to the most extreme fluctuations are not natural but wholly artificial, and are constantly being affected by partial and class legislation and by crudely unjust social and civil customs. We can conceive of the indignation the free trade economists would exhibit should a "protectionist" assert that the high prices under a prohibitory tariff were nothing but the result of the natural laws of trade; but their assumption that, under the commercial monopoly of the land or the ownership of the laborer, we have an equitable or any natural system of exchange, is far more monstrous and truth defying. While traffic in land remains, equity in exchange is impossible under protection or free trade, and the productive laborer of any country is subject to certain despoliation, which is, at most, a shade worse or better under one or under the other. Neither theory has any warrantable interest to

which the attention of the wealth-producer need be turned.

We have seen that even where both land and the laborer are owned and treated as commodities, the ratio in exchange still depends upon the amount of labor any commodity or proprietary right enables it to command. The value of a right to hold a slave must, in the economic analysis, depend wholly upon the amount of labor or service such right will enable the holder to exact. So ownership in the land can give such value only as is measured by the amount of labor which such ownership empowers the owner to exact from those who cultivate, occupy, or improve it. It is impossible to conceive of a commercial value in any thing which is not measured by the amount of labor it has cost to produce it or will cost to reproduce it, or that it will command.

It is plain that nothing can be considered actual service but that which has promoted the production of some useful thing or rendered a useful service to some member of the human race. The natural compensation of any service consists in the good or goods it has added to the stock of human well-being. But it by no means follows that, under the rule of arbitrary social and civil institutions, and of immoral and subverted relations, these compensations will be equitably distributed, or have any just division. That is the crowning fallacy of the economists. In fact, under such rule, they are sure to be unjustly diverted from their natural tendency. But what I wish particularly to emphasize here is that however subjected and enslaved labor may be in any place or period, it is the labor alone which begets the in-

creased utilities, and that such utilities constitute the compensation with which nature responds to the application of such labor. Only the man whose power and will subject another, and who virtually owns his labor, can appropriate that other's natural compensation. It can be accomplished only in a general way by laws or customs enforcing servitude ; by engrossing land and opportunity, and by the social sanction of false estimates and fraudulent accounts in exchange, or by a deceptive and shifting standard of value. Service or labor is now seen to be the parent of all created goods and of all realized utilities. The natural utilities, as of the land and opportunity, are not exchangeable with service or goods produced by labor ; for the reason that they are nature's, and must be purchased first from her, and have and require no labor in their production.

That labor or service is the basis of the ratio of exchange may be seen from the very nature of the fluctuations of value in commerce, even under the iniquitous system of prevailing trade. These fluctuations constantly tend to a mean or equilibrium, which corresponds in every respect to the ratio of use. The cereals, for instance, tend to that relative market price which corresponds to their ability to support human life. Wool, silk, cotton, flax, etc., tend to a price relatively corresponding to their ability to promote the comfortable and becoming clothing of mankind. Lumber, bricks, stone, and other building material, tend to a price relatively proportioned to their usefulness in effecting shelter and ministering to the comforts and enjoyments of life.

THE RATIO OF SERVICE, as determined by its util-

ity, is, therefore, *the mean ratio of exchange*, and towards which it constantly tends as to a point *in equilibrio* in all its fluctuations, from above or from below, caused by whatever disturbing forces. Other things being equal, these fluctuations rise or fall to the greatest extremes in things where a single or limited use is served. Articles of mere taste, fancy, or fashion are subject to great inflation, and to be reduced to a valueless condition by a change in popular whim. Thus grain is maintained from extreme depression, even in very abundant years, because it can be turned to a number of uses, and, by being fed to cattle, sheep, and swine, can be converted into beef, mutton, and pork, and thus have its value conserved for other years. If some commodity could be found which would serve every requirement of human need, it would have an unvarying rate.

No such commodity being found, it is still conclusive of the principle, since every additional or extended use to which a thing can be put reduces, in a positive degree, the extent of the fluctuations in its ratio or price from the mean. And labor or service, being the parent of all commodities and exchangeable in its varied forms, becomes the controlling element in exchange, commands a stable price, and forms the only stable ratio.

Our laws regarding money tend, in a high degree, to subvert or obscure this well-established principle. They take one commodity, gold, the least useful of all the metals, except for ornament, of a scarce and very irregular production, and whose relative value fluctuates in a series of years, more than that of any staple commodity, and under our economic system, which

regards all values as constantly variable quantities, assume that *this one value is invariable*. With the addition of silver to the standard, the great injustice to labor is only divided, not removed, and capitalism is constantly trying to demonetize that. Now, the only invariable ratio is the ratio of use, and labor, since it alone is able to supply all useful things not existing in nature, and is the sole agent in gathering and conveying those naturally existing or which are spontaneously produced, constitutes the only thing which can have stability in exchange corresponding in any respect to the ratio of utility.

It is hardly necessary to point out that, for many generations, gold or gold and silver has been a mere basis and standard of value in the commercial world, while the *promise* to pay these has constituted mainly the currency and medium of exchange of most nations. It is foreign to the purpose of this inquiry to show how the method of issuing this credit money is productive of great evil to the interests of industry. Our business with it here relates to its assumption of a claim to which it is not entitled, and to the extension of its usurpation, indefinitely, by means of multiplying promises to pay, promises which must be liquidated, if at all, in a commodity subject to every fluctuation known to trade. It is unnecessary to condemn or justify credit money, or to intimate as to who should be authorized to issue it, but simply to point out that if it be used at all it should be made redeemable in labor or in such commodities as can be most readily produced by the greatest numbers of the people, and should be expressed in days' or hours' service. We thus see the unstable basis upon which

any system of finance or of exchange must rest which denies the claims of labor, discowns it and sets up a golden idol in its stead. The trade which it seeks to explain and justify is a subject not admitting of any scientific explanation. It is without reciprocation, a mere contest of cunning and false pretenses. It is a commercial duel in which the one party triumphs at the expense of the other. Professor Perry prides himself upon having discovered that two minds have to meet in determining price, or, in other words, that "it takes two to make a bargain," a proverb, I think, as old as modern English literature, at least. Some one may yet discover that it takes two to make a bet, to fight a duel, or to engage in a prize fight. Our science of trade, it seems to me, under these teachers, approaches as near to true economics as the results of a bet, duel, or prize fight does to a principle of jurisprudence, because such contests were sometimes held to settle differences between individuals or communities. To have the minds of two men meet, though one or both be ignorant and prejudiced, would be a singular method of deciding some question in astronomy or of proportion in chemistry, and should not be thought conclusive in economics.

#### RATIO OF MATERIAL TO SERVICE.

The ratio of exchange equitably relates, not only to service, but also to the proportion of earth in which such service is incorporated and conveyed. This applies not only to trade between nations, but also to that between sections of the same country, and between cities and the agricultural districts more

nearly related. A disregard of this principle inevitably impoverishes a people parting with a greater proportion of fertilizing matter from their land than is returned to it. The best lands are soon wasted in productive power by such a process, no matter how equitable or advantageous the trade in all other respects may appear.

The economist must deal with proportions as they exist in nature, and not as they are ignorantly accepted by the weak and dependent, through perverse circumstances or under duress ; except, indeed, he seeks to defend and perpetuate such ignorance, dependence, and subjection, or the abuses which spring from such misestimation.

Our railroad system and great modern facilities for transportion, become but a vast means to advance the transfer of the crops, freighted with the fertile portion of the earth from the interior to the seaboard, or to large manufacturing or commercial centers. They, indeed, take back articles of use, some of which contain elements which, in their consumption, will go to increase the fertility of the soil, and also some commercial fertilizers, but, in the main, the balance is greatly against the country.

If the "Balance of Trade" theory had embraced the fertilizers instead of the precious metals, as the basis of exclusion from exchange, it would have had some scientific importance. And if "Protection" meant an investigation into the proportional residue of fertilizing properties after consumption of exchangeable commodities, and a careful adjustment of their application to the soils from which the supply is drawn, there would be some logical justification for

the use of that term in economics; but a high or prohibitory tariff may keep out of a country the very elements required to restore fertility, or reduce the amount or proportion received for our products.

Besides, the most dangerous tendencies which require to be guarded against are also active between sections of the same country where commerce is unimpeded by state interference, and where every facility exists for the carrying on of the unequal traffic. So that if a tariff exerted any influence to prevent the transfer of earthy properties from one country to another, it could affect little in preventing, but much in promoting, the impoverishment of the land through such transfer to the business and manufacturing centers and their wasteful discharge into the sewers.

But what renders this exhaustive process most destructive of all is the taking away from the land that portion of its produce which goes to the payment of rent, of interest on purchase money of the land, or on borrowed means to carry on the farm, and of profits to the dealer and speculator. For all these are a *dead loss* to the land or to the labor. The only exception is where the landlord, banker, or profit-monger resides upon the estate or land cultivated, so that the products of consumption get replaced. In that case the labor suffers all. But even under the most favorable circumstances, the far greater portion of the produce which goes to these channels is exchanged by the holder for goods and manufactures which, in consumption, afford little or no fertilizing product. A tariff can have no possible power to check these drafts upon the land and labor of a country. Indeed, under the highest tariff this country

has ever imposed, this exhaustive process has been going on in a constantly increasing ratio. The interest on our government, state, and corporation bonds, railroad bonds and interest paying stocks, held abroad, and rent for our own lands paid to aliens, has enormously increased during the last twenty-five years, and has proved wholly an exhaustive tax levied upon our soil and upon the remuneration of our labor. For all this vast drain on our land and on the energies and life of our people, we have received absolutely nothing. It has all been paid for in privilege, in concession of private rights and other imponderable and intangible forms of incorporeal and fictitious wealth. Nothing whatever which improves the land, or feeds, clothes, or shelters labor, has been returned for all the amounts thus drawn.

#### VALUES OF LAND AND LABOR UNDER COMMERCIAL SUBJECTION.

Commercial ownership of land or of labor operates to produce very remarkable transpositions of value, and of the meaning and application of terms. This has been noticed by the later economists, though they have failed to give it other attention than to illustrate their theory that value has no necessary dependence on labor. Macleod remarks that "so long as the science of economics was limited to the *material products of the earth* (and of labor), the phrase 'production and consumption' was perfectly intelligible and unobjectionable. But when the term wealth and the science of economics were extended to include *labor* and *rights* (dominion over the land

particularly—the italics and parenthesis are mine) great awkwardness arises. For even though it is carefully explained that production means nothing but offering for sale, and consumption means nothing but purchase, it is very awkward to speak of the production and consumption of labor." It would be equally awkward to speak of the production and consumption of land. "Who," he asks, "would understand the production and consumption of debts, shares, the funds, copyrights, patent rights, etc.?" It would indeed be awkward, but it is the awkwardness which always attends the attaching of properties to things in theoretical assumption, which they do not possess—an awkwardness which has brought untold misfortune upon the workers of the world, and perverted the whole business and industry of society, and which renders the reduction of the science of social wealth to a mere matter of trade between sharpers. Otherwise the impossibility of classifying land and labor with commodities would become so apparent that the most pedantic economist could not fail to observe it.

Coupled with the definition of the land value, that it is the *present value* of the "right to the series of future products *forever*," we see what has been demonstrated in regard to rent and interest, that such value proceeds by a duplicate geometric ratio, while the actual production of wealth only increases by an arithmetical ratio, thus not only covering the entire product of the associated industry of the world, but also the potential ability to gather an infinite series of productions, which would absorb the universe and dethrone omnipotence.

There is but one method by which an increase can be obtained—for one to exchange his goods, if possible, for a man or for land. If by brute force, superior cunning, or the rights of usurpation, enforced by custom or man-made law, he is enabled to buy a laborer, he could then make his surplus productive; or under commercial monopoly of the soil he might buy a certain amount of land, when precisely the same results would arise.

It will be observed that this absorptive process, whether carried on by the subjection of labor directly or through capitalistic appropriation of the land, depends altogether upon the numbers of workers who are brought under tribute. With one slave the owner could only command an increase or income which the labor of one could furnish. To realize the progressive income he must, by the same ratio, reduce increasing numbers to bondage. And so the land-owner must, in the same ratio, multiply his farms and increase his tenants. And as these basic relations attach themselves to other businesses, and as the attempts to obtain annuities from these sources prevail, the subjection of labor must proceed in the same ratio in every field of industry. So that, indeed, capitalistic increase has and can have nowhere logical basis or aim, but in the progressive subjection of the land and of the labor of a people. And one must be over-credulous to suppose that economists who justify or ignore these systems of industrial inversion will ever give logical consideration to the equities of the present system of labor compensation or of positive reciprocation in exchange.

Now, where one or both of these usurpations exist,

and land or labor, or land alone, is made a marketable commodity and can be bought and sold as a basis of trade, of course the money or goods which will exchange for these fictitious rights will necessarily command the same service from the work of society as the rights themselves, and hence will tax the earnings of labor in the same degree. To realize this tax by any device whatever is to recur to one of these forms of usurpations over the man, or over the land he must cultivate to produce the things so taxed. And this so clearly appears in comparing the values of commodities with the values of these assumed rights over land and labor, that only the bare statement is required.

The value of the laborer, when a chattel, depends wholly on the right to command his labor, and the amount of labor he can be made to perform. It consists of the *present value* of such labors as the slave shall ever perform, and if hereditary, of the possible labors of children and children's children to all time. Here is not only a producing but a *multiplying* factor, which, under the Malthusian idea of population, becomes a progressive series, like capitalistic increase, by a duplicate ratio. Having by "a mere fiat of the human will produced" a commodity which contains this power of increase, the value can be readily imparted to other commodities, exchangeable with it, however inert. Outside of such a system the value of such goods has a definitely determined measure, and is exchangeable with commodities of equally determinate and positive computation. But *the value of the slave consists alone in his capacity to go on producing*

*commodities indefinitely for all time* and multiplying himself in his posterity.

All commodities, proper, have values consumable and specific. These values begin and determine in use. The value of labor, on the other hand, under its treatment as a commodity, is not a thing to be consumed, and, as Mr. Macleod says, it becomes "very awkward" to speak of it in that connection. It is for what it *does* that it is valuable, and this value attaches not only to what it will do to-day but for all time. The value of the land is the same in this respect, that it is accumulative, yet depending wholly upon the earnings of labor upon it, or the exhaustion of its productive powers.

It is the characteristic of all incomes without labor that their values depend wholly upon the increase per cent., which proceeds by equal ratios, while labor can only produce by equal differences. Thus values or properties may be multiplied to any extent, by any forceful or fraudulent device, begetting a rate of profit, rent, or interest upon it. Watered stock has the same value as original stock, and original stock becomes valueless when the two no longer yield an income. Here the distinction between value in use and value in capitalistic investment is drawn, and appears where increase without work ceases, and where real and useful things are sought and mutually exchanged for consumption.

And the same distinction we drew between private and social wealth applies here also. Those things which are required for consumption by the individual, which make up the permanent interest in family and social life, retain a stable value, though they

are *never* employed to earn income. Those other rights and "incorporeal property" which infringe social right and absorb the fruits of social industry without return, are confined *wholly* to rights over labor direct or through control of the land, which place values not in their utility to serve human needs, but in their power to lay the industry of society under a perpetually multiplying tribute.

When a man buys a coat or a dinner, he regards it as of sufficient value to pay its fair price, without any consideration as to whether it will enable him to earn an income without work. And this is true of nearly everything consumed by individual men and their families, or by the world generally. It is only the trader, the banker, or landlord who measures price by the profit, interest, or rent it will exploit. The laborer, for his day's work, anticipates the means to furnish food, shelter, and raiment for himself, his wife and children. So it is with the mechanic, artisan, or professional.

Profit from the land can only arise from taking the award of nature from him who tills it, and profit from other property or stocks can only spring from the earnings of labor, since money or goods put into any enterprise have no power to increase or multiply themselves.

Thus the worker is required to earn his own and all other incomes whatever by the devices of "proprietary rights," labor "contracts," and "legal tenders." In order to make him equal, or give him an equitable opportunity under deprivation of land, it would be necessary that the wages for his day's work should be paid in notes bearing compound interest,

or calculating the thing in days' work, instead of dollars, for his year's labor of three hundred days, he should be paid a year and fifteen or eighteen days' labor of some one else; and for his second year's labor he should be paid three hundred and thirty-seven days' labor, and thus increase for the third to the tenth in same proportion, when it would be five hundred for the last three hundred days' work, and for the second, third, and fourth decades in the same progressive proportion.

Now, if the capitalistic formula had any possible equitable relation to industry and the exchange of services or commodities, it would require that the three hundred days' labor in his fortieth year should be paid in about two thousand days of the equally efficient and serviceable labor of some one else. To apply any such principle to the award of labor is seen to be too absurd to be stated. Thus it is seen that the increase of goods in whatever form without labor is not only logically but mathematically impossible; and that all those values which are created by usurious taking are fraudulent, and not entitled to any social or economic recognition, except in so far as it becomes necessary to denounce and expose them.

We thus see that the artificial capitalization of the land or of the labor begets a system of values, which are subject to no classification with values of utility or service, and are impossible to be exchanged with them, or to form any equation whatever in any problem in which labor or its compensation is involved. And it is equally apparent that the later school of economists perceive this, and hence, by use of the

equivocal term value, seek to reduce values of every kind to the meaning of its use in speculation and exploitation. But this timely subterfuge cannot long serve. The very appeal to facts which this school makes suggests the absurdity of classifying land and labor with the products resulting only from their union, or of classing incomes without labor with the earnings of labor, or the wages of the *toilers* with the wages of the *spoilers*. And thus the great learning and trained intellects of this school are destined to have a short triumph over the credulity of the people. They evidently comprehend the Niagara toward which the old school theory was drifting the craft of capitalism, and so attempt to stem the current by ignoring labor altogether as the creative force, and by parading superficial truths and effecting a systematization of phenomena dependent upon the very wrong it is endeavoring to uphold, show that wealth is a matter only incidentally due to work, but mainly the product of "rights," "knowledge," "credit," etc.

## CHAPTER XVI.

### TAXATION AS A REMEDY.

TAXATION is defined as “the exaction of money from the individual for the service of the state.” And though much has been written to explain the great “number of its practical difficulties and theoretical niceties,” I am not aware that any one has given it its true economic definition. It has been supposed to have “two sets of considerations—those which affect the justice of a tax, and those which affect its productiveness.” It is candidly admitted that “taxation, indeed, has so frequently been the means of perpetrating political injustice that the term has fallen into bad popular repute. Whenever the produce of a tax is used otherwise than in the service of those who pay it, the tax is unjust. In its more oppressive form, it has been levied on conquered states for the benefit of the conquerors, and in this sense it has sometimes been called tribute. The direction which all constitutional struggles to cleanse taxation from injustice have taken, has been that of self-taxation” (Cham. Enc.). But the extent to which such struggle has yet attained has been merely to couple taxation with representation. Beyond this it has not as yet reached any well-defined principle. A majority rule of the whole people cannot make an unjust thing just, any more than an oligarchy or a

czar. I do not wish, however, to discuss the subject in its political aspect, but simply to inquire what the tax is in economics. A voluntary contribution for certain objects of a general or a social nature may, or may not, have an importance economically, since, if it be a gratuity or donation it may have no relation to an exchange, but if it refer to a matter in which the party has a personal interest, or even a desire to see certain social aims accomplished, it is reasonable to conclude that he considers the satisfaction experienced equivalent to the contribution. But any involuntary tax, by whatsoever authority imposed, is in the only sense in which it can enter into any economical problem a "compulsory exchange."

That the taxes assessed under the most popular governments are mostly used "otherwise than in the service of those who pay it," is simply notorious; the only circumstance appearing to the contrary being the fact that, in direct taxation, capital pays the main proportion immediately; but it is always sooner or later shifted to productive labor, which ultimately pays all. The tax is often wholly squandered in the interest of profit-mongering speculations. Taxes on land are not taken from the rent, as held by the advocates of "Land Nationalization" and "Graduated Tax," but are an additional extortion perpetrated upon labor, and generally in the interest of an exploiting class or clique.

But really the tax, however scrupulously applied, and to the benefit of the party paying it, is still a compulsory exchange, for, although such exchange is usually unjust or unequal, the fact that it is so is not essential to forced exchange, which is a violation of

freedom, even should the exchange prove more favorable to the party upon whom it is imposed.

Adam Smith makes it appear that man is the only trading animal. He says, "No one has ever known dogs to exchange bones." Doubtless this is true; but we often see the bone exchange the dogs. This is by a brutal compulsion, in which one dog takes the bone from a weaker dog; and, like the taxing power, usually giving or leaving nothing in exchange. And yet taxation has no justification in ethics or economics, unless it is in equation with some service which the taxing power has rendered the taxed individual. And however equitable such tax might be made to compensate such service, still, if it be a service not desired by the individual, but which he would prefer to do without, it would still be compulsory and hence not compatible with personal freedom or with such an exchange as is contemplated in economics. The taking of the bone from the "under dog" would still be the brutal act, although it might chance to put him in scent of an equally good or even better one. The right of the individual and the very fundamental principle of economics, which is "The Science of Exchanges," requires, not merely that the tax shall be equitably proportioned to the service which the state or government has rendered, but that it shall be only for such service as the individual has voluntarily accepted and made available to his use. The line between freedom and despotism is drawn just here. The form of government has essentially nothing to do with it, except as it may give a greater or lesser facil-

ity for disregarding the wishes of the taxpayer. THE POWER OF TAXATION IS THE VERY ESSENCE OF DESPOTISM.

To the individual who is forced to make the transfer, there can remain but little in the choice between the despotism of an autocracy, an aristocracy, or of a democracy. It is a compulsory exchange, and carries with it all the potencies of all the slaveries. For the power to enforce taxation is the power to take the earnings of labor and make such return as it pleases, or none at all; a result which chattelism hardly ever gave.

Now, it is to such a questionable power which Mr. George and his particular disciples look to right the wrongs of labor—and of capital(?). They see no way to cease doing the wrongs or prevent their recurrence, but have a “sovereign remedy” to apply to the mischiefs which the wrongs produce. That is found in absolute power of taxation, amounting to “confiscation” in respect to “natural rents,” and which Mr. Clark suggests is not merely a natural right of government, but “the higher law of property,” and which another disciple has discovered to be the “missing link” between the Georgian theory and the “divine right.”

More metaphysical than his leader, Mr. Clark derives this law from the “bounty of nature,” at the same time chiding Mr. George for using so “inexact a cripple as the word ‘land’ to convey so vast a meaning.”

But Mr. Clark’s conclusion, that this “whole material universe outside of man” should properly apply to matter transmuted by human powers (and why not to those powers themselves?), as well as to

the "raw material and natural forces," is unanswerable; and whatever is derived therefrom should necessarily become subject to taxation or confiscation, as well as the rent. There is no logical escape for Mr. George from this dilemma, which seems only half comprehended by his disciple. For the "natural(?)” profits and interest, as well as the rent, if they exist outside of the exercise of forceful or fraudulent powers, are "unearned increase" and a malappropriation of "the bounty of nature" which should be confiscated or taxed back as the "birthright" of the whole people.

This is plainly the logical conclusion to the major and minor propositions, and to stop the short of this is to dishonor the theory altogether.

The truth, however, is that these propositions are merely sentimental metaphysics and without the least practical importance whatever. If there is a "bounty of nature," it is for those who take it. Even Mr. Clark's, or rather Mr. Smith's, apothegm that the "unconscious is the property of the conscious," amounts to this and nothing more. The conscious or knowing appropriate that which is unconscious or unknowing, and also that which is less conscious or knowing, as men with animals, and superior with subject races of mankind. There is nothing inconsistent in one of these syllogisms with any slavery or injustice which the world has ever known.

With neither Mr. Smith's nor Mr. George's generalizations is there anything incompatible in the taking of rent, interest, or speculative profits, nor do they so much as allow that any escape is possible from these acknowledged evils through any "bounty of nature,"

or any workings of the universe, but only through the intervention of some human device like the confiscation of rent after it has accumulated by natural law, or of getting in a "death rate tax" upon what nature would otherwise bestow upon the conscious, letting the unconscious and the less conscious go unfed and unclothed; and, in fact, devoured.

This tax or confiscation, then, so far from being in accordance with nature, is corrective or subversive of nature according to the showing of its own advocates, and is intended not at all to "complete economical science," as they claim, but to correct nature's blunders.\* What neither of them seem capable of comprehending is that the civil power to collect rent make compulsory exchanges and enforce unequal contracts is the evil to be abated, and not the inability of nature to bestow her bounty as she desires, or to effect the equality she intends.

Mr. Clark parades the great Peripatetic Philosopher as having given the name "bounty of Nature" to the indescribable thing he bases his "higher law of property" upon. I think it was the same philosopher who named the, to him, mysterious rising of water in a pump, "nature's horror of a vacuum." The one definition is as valuable in hydraulics as the other is in economics.

The entire school are simply ignorant of, or else affect to ignore, the "law of use," or that the doing and enjoying of a use are inseparable in nature. I

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\* It was said of the elder Beecher, that when spoken to about "The Conflict of Ages," written by a son of his, he expressed a regret, since if "the Almighty God had got himself into a tight place, he did not think Edward could get him out."

find nature bountiful to me in causing the tree to grow which I have planted and cared for, but it is bountiful to the grub, who, "conscious" of its "property in the unconscious" tree, proceeds to appropriate it, not by devouring its entire bulk, nor even "two per cent.;" but by eating away a little bark and sap near the ground, which, however, girdles and destroys a noble fruit-bearing tree to sustain its insignificant life for a brief season. Truly nature is bountiful to him! I plant potatoes, squashes, etc.,• and nature co-operates to make them grow with mysterious rapidity ; but the conscious Colorado and the Gourd beetle claim their birthright in "the bounty of nature," and, in an inattentive hour, I find my plants destroyed and hopes of harvest blasted. One is reminded of the answer of the boy whose pious father was laboring to impress upon his mind the beneficence of Providence in bestowing the long bill and long and slender legs upon the crane in order that he might more successfully prey upon the less conscious piscatory tribes, and thus secure a supply of food : "Don't you think it rather hard upon the fish?" Natures gives or parts with nothing. She tenders uses, but exacts return of every iota of substance she intrusts to our care. Her invariable price for its use is the labor necessary to avail oneself of its benefits. She exacts nor permits rent, interest, or taxation, but repudiates them wholly and throws them back upon labor invariably whenever presented to her for cancellation.

Mr. George has saved the critic any necessity of applying the *reductio ad absurdum* to his scheme, by insinuating that we can tax land, "whether culti-

vated or left waste ; wealth, whether used productively or unproductively, and laborers whether they work or play," although premising at the beginning of the paragraph that "all taxes must come from the produce of land and labor, since there is no other source of wealth than the union of human exertion with the material and forces of nature."

Of all methods and schemes for ameliorating the condition of labor, that of "tinkering taxation" is the most stupid when not criminal. To abolish taxation altogether would certainly relieve its burdens.

A century ago, taxation was regarded as a very necessary method of sustaining the church and promoting religion. A tithe of labor's earnings was considered no more than a fair compensation for religious instruction of the people and their guidance in the path which led to future felicity. It is not necessary to inquire now whether this was an equitable exchange. We know it was mainly a compulsory one, and that it was this prerogative to tax the people and enforce this compulsory exchange, and not any tendency of true religion, which begat the wars and persecutions generally known as religious. This power, which, for fifteen centuries, was almost unquestioned in church or state, is now seen to be the most pernicious thing, not even promoting in the least the purpose for which it was professed to be employed.

Now, Mr. Clark, to correct nature's mistakes in conferring her bounties, proposes to empower the state to impose *two* tithes upon labor, for his two per cent. upon all the assets, including land, would amount to about twenty per cent. of the yearly production.

Thus church and state might both be endowed to look after the material and spiritual interests of mankind, giving such return in the compulsory exchange as suited the managers of each. This would give one in ten for our secular and the same for our religious government. With respect to the church, however, it is divided into so many sects that there seems no way but to make her contributions voluntary, and each one pay what he thinks an equivalent for her services, and so a free if not wholly an equitable exchange.

But might not the state also deal on the voluntary principle ? I think so ; and then each one could have the form of government he preferred, and pay as dearly or as lightly for it as he found to suit his ideas, the same as he does in matters of religion, and might have free trade, protection, or prohibition, fiat or metal money, as he individually preferred. Since taxes can be produced only "by the union of human exertion with the material and forces of nature," the man should be left free to choose the secular guidance and protection he thinks best, and obtain it for himself at the most reasonable rates, as he now does his religion.

The graduated tax proposition is much of the same nature as the "confiscation of rent" or the "death rate" tax. They only vary in detail. They are simply endeavors to remedy one "compulsory exchange" by instituting another. For that rent, interest, and profits are the fruits of enforced exchanges, must be regarded as proven. Through usurped dominion of the land, class privilege, and private rights created by arbitrary will, barbaric custom, and chicaneries of trade, rendered possible of achievement by "foster-

ing legislation" and a purblind jurisprudence, labor is compelled to part with its natural wages, and receive in return whatever capitalism and the government vouchsafe it. This state of things our tax reformers do not at all expect to abolish, by taking away these arbitrary powers and class privileges, but propose to equalize things by another compulsory exchange, and so enable the laborers to get square with those who have plundered and overreached them. It will not work.

## CHAPTER XVII.

### REFORMS, NOT REMEDIES.

IN the treatment of diseases of the human body it is important to know the real symptoms, and to have an understanding of the disease they indicate. This is a prerequisite. But a physician may be able to determine this with a great deal of accuracy, and yet be widely wrong with regard to treatment. He may be able even to trace these symptoms to the disease and the disease to its inciting cause, and yet fail utterly — a thing which he is pretty sure to do if he has more faith in specifics than he has in establishing sanitary conditions. Now this is notably the error of labor and economic reformers. They give an admirable diagnosis of the derangements of the body politic, and trace them directly, at least, to the immediate cause. But usually they become infatuated over some specific remedy. This often, if not always, takes the form of some statutory provision or positive institution which they feel certain would cure the disease. A prohibitory or restrictive law is the dream of the reformer who seeks to make the world temperate.

The financial, trade, and labor reformer, each seems to expect that the enactment of a law will cure the disease which has its source in the fundamental civil institution, and can only be eradicated by re-

peal and not by passing new statutes. There is a singular similarity in the lines of thought pursued and in the profitless results which have attended the labors of such men. A few illustrations must suffice. Henry C. Carey pointed out with great clearness some of the leading fallacies of the two schools of economics in ignoring industry. In this respect his treatment of the subject of trade was masterly and convincing, but when he came to his favorite scheme, the taxation of the products of the industry of other nations, his logic seemed to have failed him. We now see how utterly its adoption has failed to relieve the evils it was instituted to cure after a quarter of a century of high tariffs.

Edward Kellogg wrote a book on "Labor and Other Capital," setting forth in a most pithy and logical way the evils of interest-taking; and putting the "just rate of interest" upon the only logical basis, the cost of making the representative money and of keeping it in circulation. But the moment he attempted to give a remedy his logic ceased to serve him, and he put forth a scheme which, if it could have been adopted, instead of relieving financial distress, would have made a more complete monopoly of the money-making power than ever existed before; would greatly have accelerated the monopoly of the land, and given the land monopolist a monopoly of the currency also.

Last we mention Henry George, whose work on the monopoly of the land is scientific as well as scholarly. As far as the diagnosis is concerned it is conclusive. Yet, afflicted with a "remedy," he falls

into the most inconsequent deductions and puerile speculations.

We shall give a cursory review to these schemes, but refer to them here merely to show the tendency of reformers to be led astray by the idea that some contrivance can remedy ills which are deep-seated, if not constitutional, and which can only be eradicated by recurrence to first principles and correction of the fundamental error.

#### REMEDIES—FREE TRADE IN LAND.

A school of free-traders, represented by the Cobden Club of England, have given the land question marked attention, and appear to have considered that the removal of the legal difficulties in the way of easy transfer of the possession of the land would remedy the evils which they acknowledge to exist in regard to land monopoly and the abuses of landlordism. Accustomed to the exclusive dominion of their land by a hereditary class, and to the difficulty of obtaining land in small allotments in consequence of the entail of estates, of the complicated legal forms and expenses of conveyance, it is naturally imagined that relief from these obstructions would greatly facilitate the appropriation of the land among those who desire and are best fitted to improve it.

But experience shows that these facilities will facilitate the absorption of the land, as well as its general improvement, and thus give a wider scope to the monopoly it is intended to remedy. No obstacle in the United States has ever been interposed to the ready transfer of the land. In the older states, it is

true, where land has attained fabulous prices, as in cities, there are difficulties in transfers, but only through onerous legal charges in searching titles and in conveyancing; but, in respect to new lands and in the country generally, there are no such expenses ; and while the government retains possession of considerable tracts, actual settlers may enter without even paying for the land more than the customary cost of survey and making of patents. What the “Cobden Club” seeks for England, therefore, has, almost from the first, been realized in this country. And yet, with all our immense acreage of cultivable, timber, and mineral lands, the results of forced competition are taking us with rapid strides in the footsteps of the mother country. Have we not already passed her in the mad race ? Our parvenu millionaires equal her titled magnates in wealth. Our paupers are quite as numerous or promise soon to become so. Our landlords are as exacting, our rents are as high, and our tenants more submissive. Our landed estates are as practically entailed as those in England, and are being constantly increased by purchase, and never diminished by sale, except by lease on time. The Mosaic law is wholly defied and set at naught in buying, to which our laws furnish every facility and sanction. It is scrupulously observed, however, in selling, and none is “sold forever,” but only for a week, or a month, or a year, seldom for a term of years. Our cities and country towns are largely in the possession of such estates, and they are all the while increasing in size and value more than in numbers. When one is broken up, as happens in exceptional cases, the fragments are soon gathered again by the still larger and

stronger ones. Some of these estates are older than our government, and many are a century old. One of the largest, if not the very largest, is regularly entailed, despite the genius of our institutions, by a tradition in no wise confined to that particular family, by which the holder, while living, deeds the estate to his eldest or favorite son, leaving annuities to the other children. By this means the valuation of the property is avoided, which could not be done if a will were made or the property should be left by an intestate; it is thus enabled to escape, in a degree, the burdens of taxation.

So much more favorable to the establishment of large estates are our wide domain, our facilities for transfer and absolute proprietorship, that large numbers of capitalists of England and other European countries are availing themselves of the opportunities to do here what would be quite impracticable for them now to do at home, build up large landed estates, and where increasing population and an enterprising spirit are sure to mass what economists term the *unearned increment*, but what is substantially the *increment earned by unpaid labor*. It is estimated that one-sixth of the large tracts transferred in our country for the last fifteen years have been purchased by English capitalists, and a large proportion by other foreigners. To make trade in land free, in the sense of leaving it unrestricted as to private ownership, can have no other tendency than to promote monopoly and ultimately reduce the citizen to the condition of a serf-like tenant.

And yet this remedy is good, in as far as it repeals laws which restrict the ready transfers of location and

the exchange of the improvements one may have made upon the land. The error lies in recognizing any title to land but that of occupancy and labor ; for, as we have seen, the land is not a subject of exchange, as it can form no equation with labor.

Our constitution, then, as interpreted by our courts and legislators, with its opportunities for enterprise and general growth and development, still shelters and encourages the growth of a subtler power than chattelism, which once reclined under its ægis. This power is by far more dangerous because it pervades every section, overshadows every interest, invades the home of every toiler, and bars opportunity to every human effort. To make trade in land free, in the capitalistic sense, bears the same relation to land monopoly that legalizing the slave-trade once did to chattel slavery. I quote from Professor J. E. Cairnes a paragraph pertinent to this issue : " In a contest between vast bodies of people so circumstanced (des- titute of land) and the owners of the soil, between the purchasers without reserve, constantly increasing in numbers, of an indispensable commodity, and the monopolist dealers in that commodity—the negotiation could have but one issue, that of transferring to the owners of the soil the whole produce, *minus* what was sufficient to maintain, in the lowest state of existence, the race of cultivators. This is what has happened wherever the owners of the soil, discarding all considerations but those dictated by self-interest, have really availed themselves of the full strength of their position. It is what has happened under rapacious governments in Asia ; it is what has hap- pened under rapacious landlords in Ireland ; it is

what now happens under the bourgeois proprietors of Flanders ; it is, in short, the inevitable result which cannot but happen in the great majority of all societies now existing on earth where land is given up to be dealt with on commercial principles."

While the advocates of free trade in land admit that it will result in "unequal ownership," it is but just to say that they readily acknowledge a corresponding duty to labor or to the people disinherited by the process to which they give the title of "distribution of burdens." The necessary sequence of such distribution is readily seen ; indeed, has always been acknowledged, and hence our poor rate system, our almshouses, and "out-door relief." Our education in common schools, sustained by a tax on property, our governmental support of charities, etc., are instances of its application. It is only necessary to say that so far these distributions, however justified by necessity, are far from satisfactory, and for this reason : With the unequal ownership resulting from "unequal opportunity," the burdens, however attempted to be distributed by governmental intervention, result in *shifting* rather than in distributing them, so that the burdens, as of taxes in every form, fall ultimately upon labor and the industrial product of the country, never upon the holder of the land or upon those who are enabled, by treating land as a commodity, to obtain income without service. For every item of tax laid upon the land is added to the rent ; and profits and interest increase as burdens or taxes are laid upon property or upon business of any kind. As the merchant only directly pays the duties on imported goods, and adds them to the price of his

wares, usually with an additional profit upon the payment, so the landlord adds his tax to his rent-roll and the banker to his discount charge. Through every stage this shifting process goes, until it reaches the worker, who has nothing but his labor to sell, and particularly the agricultural laborer, who, being last in the chain, finds it impossible to shift it upon nature, as she repudiates the fraudulent subterfuge by which it is transmitted from the pretended burden-bearer through every avenue of trade and industry, to the remotest factor, the laborer. And if the burden has become too great to bear he is crushed by it, for he cannot shift it farther or escape it in any way. The land, not being movable, cannot be transferred ; hence only possession or occupancy can be exchanged. Being no product of labor, it cannot be measured by labor or have a labor price. A money price is therefore fraudulent.

Land can form no proper subject of sale, for these, among other reasons : 1. It is not a production of human labor. 2. It is a heritage of which no one can be rightfully deprived, or even divest himself. 3. It is limited in amount and cannot respond to demand by increased supply. 4. It is not subject to removal, and hence cannot be transferred. 5. Ownership is limited to occupancy, and consequently ends with the abandonment of the location, or with the decease of the occupant.

To all which it is answered, that it is true the land cannot be removed, but that property in land is merely a right to occupy and receive the fruits of the land, "past, present, and to come," "forever." To which the simple reply is that rights and duties are

one and inseparable, that the right to possess and use can only inhere with the duty of occupation and use. Right inheres in person with the duty, not alone; nor can the duty be done by proxy. The usufruct of the soil is due to and goes with the labor. It belongs to the living, not to the dead; to the working, not to the idle. It is, therefore, not *burdens* which require distributing but *opportunities*, and unless these are distributed the burdens cannot be, and the attempt will ever result in shifting, not equalizing them.

While, therefore, this school are entitled to much praise for their treatment of the land question, particularly for the book "Systems of Land Tenure in Various Countries," they have, by no means, solved the land problem. To subject land to the law of the market, or free trade, can remove no radical evil connected with its monopoly. It would be at best but a substitute for the feudal law or for the law of the stronger. It might, by being complemented by a negative proposition, attain to a salutary result in promoting the object sought—the increased aggregate production of the land. This would also dispense with the cumbersome machinery with which the advocates of nationalization propose to accomplish their aims. I refer to the abolition of all laws enforcing the collection of rent, and the practical application of the principle of "*Misuser*" and "*Non-user*," in respect to its occupancy or ownership.

#### NATIONALIZATION OF THE LAND.

Next to Free Trade in land, we may notice the plan of the English Land Reformers to make the land national property. This is a proposition much more

radical than the "Cobden Club" has ever proposed, and is yet more in keeping with the theory of land ownership in England, where the system of absolute property in land has never been accepted. Under the feudal system the rule of "free alienability" only applied to personal property. Unlike the Roman law, under which a man was the absolute proprietor of everything in his possession, including slaves, children, and wife, the feudal theory was that absolute property in the soil vested in the sovereign alone as the representative of the nation. "The territory belonged to the nation as a body, but the sovereign alone exercised all rights over it. Absolute property in the soil, either the dominion of the Roman or the Allod of the German, is impossible to any private person in England" (Macleod, E. E., p. 335).

To nationalize the land is, therefore, more in accordance with their national traditions, and is merely for the nation to resume the management of its estate, and reform its system of leases to individuals. All ownership of the land there is compatible with such change. And the only question seems to be as to the method of redistributing the possession or occupancy. Mr. George is outspoken against any proposition to remunerate land holders for the surrender of their claims to exact rent and retain control. His reasonings are cogent and convincing, but not conclusive of the matter, which will have to be decided by practical compromise and not by abstract right. As between the land holder and the tenant, the point is clear, and the natural right of the cultivator to control his field or farm cannot be logically questioned; but the relation of the state to the landlord is such

that it may justly consider whether, having so long upheld an outgrown system and been a party to its abuses, it may not to some extent modify the effects of summary restitution, and bear a portion of the burden which may fall upon those who, without fault of their own, have been taught to depend upon the reception of annual contributions from tenants and the accustomed incomes from such privilege. To disestablish the system without compensation or composition, would be to assume that the landlords only are responsible for the system of tenure, under which they exercise the rights of property in the soil. But this cannot be justly done. Society is a growth in which all its members share the responsibility. Land tenure was not invented and applied by the landlord class. It arose out of the early assumption of power by military chieftains and public rulers, and grew according to the state of intelligence and social development of the people. And although it can be traced in instances to unscrupulous usurpation, such usurpation became possible only among rude and barbarous populations, who worshiped brutal power, and servilely aided the forging of their own chains. Mr. George draws a parallel between the land holders and the former slave-holders of this country, and seems to imply that, as the latter were not reimbursed for the loss of their slaves, neither should the land holders be reimbursed for the loss of their revenues by the surrender of their land to governmental control. But the parallel, to be of any force, would require that the land holders should rebel against the government which protects them in their property in land, as the slave-holders did

against the government to which their "institution" owed its privilege to exist all. It was the desire of a number of antislavery men, among whom was Gerritt Smith, to initiate measures for the abolition of slavery by purchase, on the ground that the whole country was responsible for its existence, the North as well as the South, since the former had profited by the slave trade, in which it had built up many, at the time, colossal fortunes, and also had largely shared in the commerce and manufactures of the staple production of slave labor. He assisted Judge Grimke, of South Carolina, to emancipate his slaves, and would have largely contributed to effect so noble a work, but his purpose was frowned upon by Abolitionists generally, and was met with resentful denunciations by the political agitators who claimed to represent the South. Had his advice been taken, it would have saved the destruction of billions of property and a million of lives, however open to objection it might have been in some respects.

We have another *institution* valued at say \$30,000,-000,000, exclusive of improvements, which the stroke of a pen could render valueless, without taking a dollar from the wealth of our country. Yet, if by some compromise which should effectively abolish it, bloodshed and years of strife and suffering could be avoided, it would be wise to adopt it. I do not deem it essential to indorse any particular plan to effect the object, as I think it inexpedient to invoke legislation to do anything but take itself out of the way of social progress; but I foresee that many attempts at legislation will be made, in the professed interest of reform, and I can express a hope that such

action will accord with rational policy as well as with natural right.

For England, then, the nationalization of the land seems the orderly thing to be done, if the state is to continue and government be saved from anarchy. The original advocates of this theory favored compensation of the land holders by the government. Mr. Alfred Russell Wallace, whose "land nationalization" I deeply regret my inability to justly commend, or extensively quote as I should desire, advocates the retention of the incomes by the landlords for their lives, or for two or more lives of persons now living. If fault can be found with his plan or reasoning, it is in that he goes too far in the spirit of forbearance and conciliation. Certainly no objection can be raised that his proposition is unjust to the landlords, or in any way inconsistent with legal tradition, or wanting in any practical feature. But when the land has been assumed by the nation, a most important question arises as by what method it shall be apportioned or redistributed. Mr. Wallace does not propose that the government shall become a superintendent of cultivation and use. He says that "no state *management* will be required, with its inevitable evils of patronage, waste, and favoritism."

He has adopted a phrase, if not invented it, which expresses to me the true relation of man to the soil. It is "occupying ownership," and which I will allow him to define in his own words: "Ownership of land must not be the same as that of other property, as, if so, occupying ownership (which alone is beneficial) would not be universally secured. A person must own land only so long as he occupies it personally;

that is, he must be a perpetual *holder* of the land, not its absolute owner; and this implies some superior of whom he holds it. We thus come back to that feudal principle (which in theory still exists) that everyone must hold his land from the state, subject to whatever *general* laws and regulations are made for all land so held" (p. 193). •

I can only give place farther to his summary of the "necessary requirements of a complete solution of the land problem as enunciated in these pages."

(1) "Landlordism must be replaced by occupying ownership."

(2) "Tenure of the holder of the land must be secure and permanent, and nothing must be permitted to interfere with his free use of the land, or his certainty of his reaping all the fruits of any labor he may bestow upon it."

(3) "Every British subject may secure a portion of land for personal occupation."

(4) "All suitable tracts of uninclosed and waste lands must (under certain limitations) be open to cultivation by occupying owners."

(5) "The freest sale and transfer of every holder's interest in his land must be secured."

(6) "Subletting must be absolutely prohibited, and mortgages strictly limited" (p. 192).

Mr. Wallace distinguishes between the value of land which is made up of what he terms "the inherent value," and the additions to such value made "by the labor or outlay of the owners or occupiers." The *inherent value*, he thinks, "may conveniently become the property of the state, which may be remunerated by payment of a perpetual *quit rent*."

Greatly as I am disposed to follow up these quotations by other extracts, it is diverging from the purpose of this essay to do so; for the reader must have discovered that in his remedy Mr. Wallace has laid aside the mantle of the patient investigator, which he usually wears, and assumed the garb of the legislator; and instead of stating what *is* in the natural relation of "man and the soil," dogmatizes of what *must be*. This is the more unfortunate since, in most instances, there seems no need of it. His plan for legislating occupying ownership is wholly unnecessary, as, in the absence of statutory enactments, that is necessarily the extent of ownership, and the enunciation of a natural principle of ownership is far better than any advocacy of a law regarding it can be.

In this phrase and plan, however, Mr. Wallace has embodied fully the idea put forth a half a century ago by Spence, Douglas, Evans, VanAmringe, Hunt, Hine, Duganne, Windt, Masquerier, Devyr, and others, viz.: Limitation to Property in Land. It is true that they, like Mr. Wallace and Mr. George, depended on legislation to make good their just and humanitarian conceptions, and it seemed an arbitrary thing to do to "make a law" restricting one in the extent he should follow his inclination to "occupy the land." But in the light of more recent investigations into the rise and origin of property in land, and its essential nature, it is seen that it has its natural limitations, and that it is only necessary for legislation to undo what it has done to bestow false rights and to subject men and things to unnatural and therefore unscientific categories to promote distributive justice.

The tendency of advanced thought for many years has been to the scientific method, and to place less reliance upon the empiricism which finds its way into political platforms or becomes petrified in legal form and enactments. The land and labor reformers have, to an extent, shared in this advancement, and although many still fruitlessly follow the *ignis-fatuus* which holds out the hope of legislating justice into human relations and rectifying wrong by use of the ballot, the more thoughtful see that only by exact knowledge of the elements of industrial economy can they even be prepared to ask, much less to enforce, the simplest equities.

To nationalize the land in the sense of Mr. Wallace would be a very different thing in its effect upon labor from that advocated by Mr. George and the other and earlier English reformers. Without the principle of occupation in ownership, a system of leases from the government, open to competition, and unlimited in extent, would result no way different from the present system of deeds allodial or in fee simple. In fact, it would greatly enhance the power of capitalism to engross the control of the land, since it would relieve it of the necessity of applying large amounts in purchasing the land which it could secure the same control of by lease.

In reviewing land nationalization, the author of "Progress and Poverty" cannot be overlooked, for we should not be justified in refusing to pay tribute to his genius and the wonderfully lucid diagnosis of the social disorder he has given us, however we may question the efficacy of the specific nostrum he has compounded for a remedy. He has, I think, indu-

bitably proved that "the ownership of land is the great fundamental fact which ultimately determines the social, the political, and consequently the intellectual and moral condition of a people."

But his remedy is the English idea of nationalization, plus the confiscation of rent, minus the fixity of tenure, and limitation by "occupying ownership," so happily blended in Mr. Wallace's proposition.\*

Mankind have no experience which justifies the

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\* Although Mr. George has justly placed land ownership at the base of the social and industrial fabric, he has utterly failed to apprehend its relative magnitude as compared with the other forms of usurpation which have grown out of it, and he is wholly mistaken as to its increasing power of absorption over capitalistic increase, as we have seen in comparing rent and interest. Their rate is the same, or nearly so. But the amounts drawn from the wages of labor are constantly increasing on the side of capitalism. Indeed, all the rent of the land is often taxed away by the man of money who has a mortgage upon the premises. A considerable part of the tribute paid ostensibly for the use of the land is merely for the use of the money to purchase with or to carry on the farm. In times long gone by the great incomes were nearly all from the land. Now, and the proportion is constantly increasing, they are more largely derived from trade, manufactures, and transportation. M. de Laveleye notes this error, and says: "The value of capital engaged in industrial enterprises exceeds that of land itself, and its power of accumulation is far greater than that of ground rents. The immense fortunes amassed so rapidly in the United States, like those of Mr. Gould and Mr. Vanderbilt, were the results of railway speculation, and not of the greater value of land. We see, then, that the increase of profits and of interest takes a much larger proportion of the total value of labor, and is a more general and powerful cause of inequality than the increase of rent."

And yet the monopoly of the land is the principal basis on which all of these schemes to derive profits depend. Without a power to monopolize the coal lands, our coal monopolies could not exist as now. And neither could the transportation monopolies thrive without private control of the road-bed and of the termini. The power of the landlord, the

conclusion that taxing back land values will reduce them, or work any such result as Mr. George assumes. The value of land depends wholly upon the power to monopolize it, and when such monopoly is complete, its *value embraces the entire product of the labor applied to it, minus the necessary amount required to keep the stock of labor supplied*; and until this limit is reached no taxation can destroy it or seriously weaken the monopoly. It would tend to discourage rather than promote the general desire to possess land, while the increased hazard of retaining it would render the success of the bold and unscrupulous more certain. The history of taxation in all times shows that speculation follows the channels of trade most beset with obstructions, and avoids those which are most open to free competition. The very opposite, therefore, of the assumed result, would most probably take place, and the wealthy and adventurous would continue to absorb the possession of the land and have all the more exclusive control from the magnitude of the taxes they paid, and to which the poor or timid worker could offer no serious competition. The successful capitalist would then, as now, be able to shift the tax to shoulders of toil, plus the profits upon the capital necessary to meet his dues to the government, until the utmost limit of endurance on the part of labor had been reached.

It would greatly augment and promote the reign

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capitalist, and the state to tax and oppress labor coincide in aim, and generally in measures, and though they may sometimes wrangle with each other as to the division of the spoils and the responsibility for his ruin, they are united in regarding the laborer as a just subject to be deluded and plundered.

of capitalism and displace the independent worker who now cultivates his own acres, but who would be then unable to compete with organized capital, employing machinery and every facility which ready means would yield, and would be compelled to give up his holding and sink into the ranks of the proletariat. And yet he might survive long enough to greatly exhaust the soil, make bare the forests, and reduce the productive power of the land, driven by his necessities for immediate returns to meet the competition rent, which the bidding of the well-fixed capitalist would cause to be steadily raised, and to pay interest on means to prolong the hopeless struggle.

With us, land holding is but the fulcrum of the capitalistic lever, which is applied against minor land holders as well as against labor and every profession and pursuit. Mr. George's plan is really the one in vogue to-day, which taxes through government rates and interest to capital the whole value of the land as he proposes. Thus, if a man have a house and lot, it is taxed by the state or county, the corporation if in a city or corporate village, so that if he is owing a considerable part of its value on bond and mortgage, he will really have about the same rent to pay as if he hired from the principal landlord of the place, who generally has things "fixed" with the assessors. And having no mortgage on his premises, he is satisfied with a moderate interest on his investment. Thus, in our cities, the small proprietors are constantly being sold out for taxes and for foreclosures. Sale of land for taxes is of quite an ordinary occurrence in the most populous cities, as

in the uninhabited districts not occasionally, but constantly from year to year. In some cities, as notably in Jersey City and Elizabeth in New Jersey, and in many others all over the country, taxes have so increased as to leave the holder no recourse but to give up his land whenever pressed for payment of mortgages of small amounts.

As an illustration of the above points, I refer to a communication in the *Democrat and Chronicle*, of Rochester, N. Y., of Feb. 11, 1885. The owner, who claims to have been a working man and to have laid the basis for his possessions by hard work, attempts to combat the idea that rents are too high and that taxes are paid by labor, to prove which he makes the statement of particulars below :

TAXES AND NECESSARY OUTLAYS FOR 1884.

	COST.	RENTS.
County Tax... . . . .	\$101 74	\$11,326 41
City " .....	447 64	5,153 32
Sprinkling Streets	15 00	2,337 29
Central Bridge Tax	12 86	7,000 00
Water Tax.....	16 74	2,363 93
No. av. Improvem't	378 00	
Sidewalks.....	18 00	
Sewer..... . . . .	3 77	
Repairs .....	74 13	
Iusurance .....	119 00	
Privies Cleaning..	22 20	
Total, \$1,209 08	Total, \$28,180 95	Leav'g net rent \$535 92
		Total, 1,745 90
		Less Taxes and Expenses \$1,209 00

This is considerably less than two per cent. for money invested and nothing for time and trouble of owner, and, as he says, he may sometimes fail to col-

lect a portion of his rent. Now, if on this more than twenty-eight thousand dollars' worth of property he had had a mortgage of ten thousand, which is a moderate average proportion on mortgaged premises in general, at six per cent. interest, he would be unable to pay the interest from his rent by more than sixty dollars, and thus become indebted to the capitalist, whom Mr. George supposes is equally wronged with the laborer, by private property in land. How is it possible not to see that property in land is so far from interfering with the power of capital to lay labor under tribute that it is but its chief instrument in effecting the spoil of industry?

Although this owner fails to make good his assertion that somebody besides the laborer pays the taxes, since, if they had not paid his rent, he would have had to pay the taxes out of his capital, which he claims he produced by his labor, he justly, as well as naturally, complains that his property is being confiscated by the "taxing power."

He avers what is also declared in almost all localities, even by our legislative reports, that small property holders are assessed much higher in proportion than large estates, and thinks "if the system of taxation continues, all small freeholders will be made paupers, since they will be sold out to pay taxes." In fact, this process is, and always has been, going on. At certain times and places it becomes more conspicuous, as in those to which we have referred, but that is its normal, not its exceptional, manifestation which steadily extends the power of taxing labor, both by the government and by the capitalist.

## CHAPTER XVIII.

### SUGGESTIONS TO LEGISLATORS.

ALTHOUGH occupying radical ground in respect to the origin and functions of government, I nevertheless foresee that in the condition of the popular mind, uneducated and unthinking as it is on the great vital questions of social and civil science, it is likely in most civilized countries to remain without radical change for some time to come. Mere forms, indeed, may change, but without any essential improvement. France, under a republic, is scarcely less the victim of a capitalistic rule than when under the monarchy or empire. In the United States there are many respects in which human rights and interests are more exposed to legalized spoliation than in England. Our tenure of land has wrought as great disparities in a century with all our vast domain, as a thousand years of feudal and monarchical institutions in thickly populated Europe. But it will be long ere our people will outgrow the childish civil and legal superstitions through which the rule of mammon is sustained and kept dominant.

In pointing out some of the ways and means in which government may aid the cause of science and of justice, if I have not the hope that it will be directly effective to the desired end, I do hope that by suggesting to the people what the government might do,

it will call their attention to what it actually is doing to keep them in ignorant dependence and want, and have the effect to weaken the bonds by which they are held in thraldom, and prepare them to dispense with such expensive luxuries as are the systems which can do nothing for the worker, while providing every facility to the Shylocks, the gamblers, and public plunderers to ply their trade.

It may serve the purpose, at any rate, of indicating in a popular way the course in which industrial reform is likely to be developed, with or without the aid of ordinary legislation:

First. By repealing all laws in regard to land ownership, leaving "occupancy and use" as it was originally, the only title to land.\* To do this while laws are still in some degree respected, will have a tendency to assure the common mind in its reliance upon "statutory provisions;" but it will at the same time greatly encourage self-reliance and self-help, and tend to the equalization of possessions and the more exact remuneration of labor. Being a peaceful and civil reparation, it would doubtless take a compromising or graduated form, something like that recommended by Mr. Wallace in his scheme of nationalization; that is, by a prospective application

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\* It has been said that "possession is *nine* points of the law." Now, if all statute laws in regard to land were abrogated, possession or occupation would constitute the ten points, and the natural law of property become the only one. To dispossess or evict one from his home and the soil he has improved and enriched, would then cease to be a private right and become a crime, because a forceful assault and outrage, as well as the fraudulent and wrongful taking which it now is.

in its operation—those in present legal possession of land to remain so during life or for a certain term of years ; but no titles created or derived subsequent to such change to extend beyond *strict occupancy and use*. This would work no summary change, only a gradual one, and to which no reasonable objection could be made, since no one would be dispossessed of any right he now enjoys, but be only denied the privilege of acquiring rights hereafter which are detrimental to the enjoyment of the natural rights of others, and to the public welfare. If anyone would be justified in complaining, it would be the disinherited worker who, having all his life been kept out of his inheritance, should have it returned to him, not only without delay, but with restitution for past wrong. But the truth is, that he or his class are to a certain extent responsible for this wrong, for to submit to injustice is wrong as well as to inflict it. Moreover, if the disinherited class were informed of their rights, and disposed to enforce them, each disinherited person could at once have his proper allotment of land, abundant for the exercise of his labor and the sustenance of himself and family.

But nothing seems more certain than that, if at present a part of the workers should assert their natural right to “occupy the land,” they would be evicted, or driven off at the point of the bayonet by the other part—*the landless, homeless hirelings of a government*, run in the interest of the landlord and capitalist. The instances where settlers upon the public lands, in good faith and in accordance with the statutory provisions, have been thus evicted at the instance of railroad corporations or other magnates

are too recent and too exasperating to be detailed with composure ; but they show what conditions exist, and how hopeless is the prospect of any salutary reform being accomplished except through the enlightenment of the people in respect to the nature of man's relation to the sources of wealth, and to the product which his activity has created. It shows how requisite is the knowledge of what social duty and honesty require of all, and also how desperate and fruitless all attempts at summary and violent redress of grievances must ever prove, until those who are to be benefited comprehend the nature of their grievances and the intelligent methods of securing their removal.\*

It seems necessary to meet some objections from a source which we ought not to have expected. The advocates of land nationalization, or rather those who seek through taxation to rectify the injustice of land impropriation, profess to see a formidable difficulty in the plan of Mr. Evans for land limitation. They urge (1) that if land is allowed to be private property at all, it must be absolute, and hence not subject to limitation ; (2) that many do not want land, and there-

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\*The proletariat, in the last analysis, is the only one who really stands between the worker and his natural right to land, and the just remuneration of his toil, because the ultimate resort is to physical force. When "bayonets think," and the soldier fraternizes with the people, then comes the end of monarchy and of all arbitrary power. When the troops, ordered out at the behests of the corporation kings, refuse to fire upon their own class, disputes between employer and employed will be submitted to rational arbitration. And when workingmen refuse to waste their force in voting the kept solicitors of capital into places of power and profit, there will be more attention paid to their rights by those who seek office.

fore an equal division is impracticable ; (3) that if that land could be equally divided, it would soon fall again into a few hands ; (4) and that to establish "peasant proprietorship" and small allotments would tend to lessen production and to increase, rather than diminish, the evils of landlordism, since it has been found that in France, Belgium, etc., where subdivision has been carried to an extreme, the practice of rack or competition rent is more common than in England, or even in Ireland.

Now, each and every one of these objections proves, mainly, that it is vastly more easy to ignore than to answer a rational proposition, and to refute a fallacy set up by one's self than to meet the reasoning of an opponent.

As to the first, nothing is better known to the student of the land question and its history than that property in land has assumed a great variety of forms. That which comes nearest to being absolute was the Roman *dominium*, to which ours corresponds, although with us the question of its extent has never been challenged, as it ever was by the spirit of Roman jurisprudence. For originally it was absolute only to the extent of the *domicillium*, and the domain occupied by the family including slaves ; and the agrarian laws were compatible, not in conflict with it. It was the increase in the slaves, and necessarily in estates to sustain them, that led to the great possessions of the rich patricians, which ultimately ruined Rome. It was by their intrigue and usurpation that the agrarian laws were rendered ineffectual. It is thus seen that the only absolute form of property in land ever known was consistent

with a "limitation of estates." The "Laws of Nations" recognize the right of prohibiting the sale of land to foreigners. The right of a nation itself over the land is confined to its carefully traced and guarded boundaries. It is war to seek their extension. But there are many forms of property in land. It is impossible, under any system of law, to occupy any portion of land without having property in it. In England, where the "Allodial" form does not exist, there are "tenants in fee simple, the uttermost degree of estate in land;" "tenants for life;" "tenants by copy;" "tenants for a term of years;" "joint tenants in common;" and "tenants by grand serjeantry," all of which involve "property rights," and even tenants at will have a property in the land, which may be determined and disposed of.\*

To say that the state cannot prevent the dispossessing and destroying of its people, is merely saying it has abdicated to capitalism.

The second objection, that all men do not want land, is false and therefore fails. Every individual needs a place to live and work in. In this respect our wants are nearly equal. The artist, teacher, trader, and follower of any trade or profession not only require place but as great a proportion of the products of the land

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\* "The first thing the student has to do is to get rid of the idea of absolute ownership. Such an idea is quite unknown to English law. No man is in law the absolute owner of lands. He can only hold an estate in them."—JOSHUA WILLIAMS: "The Law of Real Property."

"So far is the private ownership of an object from being inconsistent with the use which the owner makes of it being limited, that it is precisely the limitation on the use of such objects that make up the substance of more than half the laws of the world."—MALLOCK.

as the cultivator himself, and these he usually obtains without returning to the cultivator a disproportionate service. It is sheer blindness, then, which prevents his seeing that it is of equal interest to himself and to the cultivator that the latter should have perfect freedom to produce those necessaries from the soil without let or hindrance, and without exaction or tribute of any kind. And until this fact is made plain to the workingmen, their agitation is not likely to prove anything but a disturbing cause, fruitless in any practical or beneficial result.

The third objection is the weakest of all. Even if true, it is no reason why redistribution should not take place, as, indeed, history shows it has been done repeatedly, and will continue, peaceably or violently, until some such principle shall be recognized and applied as that proposed, so as to render hereafter such reabsorption impossible. The limit to property in human beings, now placed within the person of the being himself, renders it impossible for another to own him. So the limit to property in land being left where nature has placed it in that extent which the person can touch and move in the direction of production, places the question of its monopoly or malappropriation beyond all cavil or controversy.

A word merely is required in respect to the rack-rent propensities of small proprietors. It is perhaps true, since a man with a few dollars to lend usually wants a higher rate of interest than the large banker is willing to take. But this fact proves also that the land even in Flanders is still largely monopolized and that men cannot obtain it to cultivate without tribute, or find other labor to perform which

will pay better than cultivating the land at the competition rent. It proves also that with the greater subdivision of the land there is greater ability to pay a high rent than where the land is in a few hands, as in Ireland, because there is a better field for industry and a wider opportunity for diversified employment.

A writer in the *Contemporary Review*, referred to by Mr. Wallace, attempts to prove the absurdity of minute division of the land by showing that if every man and woman over twenty years of age should claim their five acres, there would not be agricultural land enough in England to supply them. Mr. Wallace patiently explains to him that a great proportion of the people want only enough land for a house and garden, not five acres, nor one, and that usually one man and one woman would occupy that; that the majority would usually prefer their house site on land other than good agricultural land. But the utter absurdity of the objection consists in assuming, as it logically does, that the proportion of the people to live upon and be supported from the land would be changed by the greater subdivision, and that what was adequate to their wants under a division so extremely unequal and unjust as the present, should become wholly inadequate under a more equal and just one.

But it by no means follows, because ownership of the soil should be more equitably distributed, that therefore industry in its cultivation should become less social. It would hardly be possible for it to become more isolated than at present. It is inequality and injustice which isolate and estrange mankind, so

that while people may work in the same field or factory they have no community of interest, indeed, no interest whatever in what they do but only in the stipend which they receive.

With an equality of ownership, by which it is not necessary to understand an arbitrary equality of division, there would be every inducement to co-operate, and by concert and concentration of effort to effect purposes which, by isolated labor, it would be impossible to accomplish. I know of but one thing which could prevent extensively organized co-operation, and that would be the disposition of a portion to get the benefits without the sacrifice of the combined labor.

Nothing but this, or apprehension of it, could then, or does now, prevent people from deriving all the benefits of associated industry and of mutual and equitable exchange. Honesty is the mean between the rapacity on the one hand and the blind charity on the other, which reduces to poverty and then seeks temporarily to relieve it.

The co-operation and organization found to be based upon well-established principles would be sure to be followed, were the obstacles to their realization removed. And yet, every freedom to meet individual preferences, so as to combine or work in isolation as one may choose, would be retained; and the goods of society would not be diminished, or social order imperiled thereby, because the individual industry would be subject to equitable exchange, and the one choosing the solitary life and labor would do so at his own expense. All things are subject to the laws of growth, and industrial as-

sociation will develop only as the conditions are supplied. Equity and liberty are the very first essentials to its existence.

In addition to repeal of laws in respect to land tenure, such as we have suggested, such laws as discriminate against the worker may be repealed, and the natural ownership of the worker in what he has produced be allowed to have its operation. Nearly every extensive enterprise in the country is the creature of statute law. Charters, "acts of incorporation," subsidies, especial privileges, are the means by which some are enabled to thrive and prey upon the public. These all should, and will in time, be put an end to; but while they are allowed to exist, it would at least be a measure of justice, though a meager one, to direct that such corporations should pay labor by an eight-hour standard; that in addition they should credit each employee with a share of stock corresponding to the nature of his employment, risk to health and life, etc., so that he would not only have a title to his wages, but to a share of the dividends. I am not advocating this as an abstract principle, but merely suggesting it as one of the means by which an equitable method may be approximated and gradually attained, if there is such a disposition on the part of capitalists or of the legislature.

Upon their own grounds, capitalists cannot object to such modifications. Their claim to compensation for the money or the labor they have invested would be strengthened, not imperiled, by acknowledging the investment which the workman has made. They say: "We have put so much money into this mine;

we have furnished the machinery—have paid the wages. The laborer has wrought, to be sure, but he has received weekly his wages, upon which he might get rich, if he would be industrious and frugal as we were when we were laying the foundations of our fortunes. We have all the risks to run, even to getting back the money we have paid in wages. The property is ours, and the fruits of it belong to us." Let us see. The business has been a profitable one, or you would not have pursued it. The money you put into it has been taken out of it several times over, while the worker has only been paid back as much as he put in, granting his wages to be fair. Has he run no risk? Has he not every day imperiled his life to look after your property and earn your income? How often have you had explosions, inundations, caving and breaking of machinery, etc., by which life has been destroyed or greatly imperiled? If a profit on your investment is just, how can you deny his claim? If he is to be deemed paid when the labor he has put into the work is paid back to him, how can you claim more after what you put in has been returned to you? If he is entitled to no payment for risk of loss of life and the stock of capital he put in—his labor—how are you entitled to payment for risking your capital in the same enterprise? But you say, "He was not a stockholder, and so not entitled." But he was your industrial partner, without which there would have been no production, and all your investments would have gone to waste. To the treasure within the mine your title was no better than his—not so good, if he labored in bringing it to the surface, and you did not.

"But he agreed for so much wages to do the work for me, and hence by contract abdicated all claim to ownership in the thing produced or mined." But this is just the point at which government has doubly failed in its duty, if it has one. It has allowed you to assume exclusive ownership of the mine, which was a usurpation, since it belonged to the people, and it then protects you in the enforcement of a contract you made with the worker under such unlawful exclusion, and without informing him what his natural rights were, either in respect to the mine or to the results of his labor. The contract is therefore doubly void, and his claim is unaffected.

Now, it is just as easy to recognize the rights of labor in any enterprise as to define those of wealth. The principle of partnership in production by all who join in the labor is so plain that no reason can be given why it should not be adjudged the controlling law, whenever the question of division is raised. Especially in all corporations working under general or special laws, it may be required of them to make division in accordance therewith. Workers can be permitted to draw weekly or monthly allowances, which will be charged to them as to members of a firm, and adjusted at the annual or other periodic division.

In the absence of any governmental change, in its servile subjection to capitalism, what shall hinder organizations of industrial and social movements upon principles of natural right and equity? If, according to the philosophy of Comte, it is important to "moralize wealth," in what more important point can the beginning be made than in "dealing justly?"

How become moral without ceasing "to steal?" If it is to include only the adoption of means of relief and of charity, and to "distribute the burdens" which fall with such crushing weight upon the poor, it may be replied that its morality is already excessive. Behold the infinite schemes of charity and of benevolent intent? They are only impotent for good because they are complementary to spoliation and can never enable the plundered to regain their loss, while encouraging mendicancy on the part of the shiftless and improvident. Progress by such means is not only too expensive socially, but becomes at last impossible. Just measure, and not alms, is what the toiling poor require. To make wealth moral is to restore it to its rightful owner, not in alms doled out of withheld wages, but by ceasing to defraud the worker of his earnings.

What, however, the holder of wealth can do to remedy the evil to which he has contributed—since the diversity of interests from which his wealth has been derived may render it difficult for him to determine with precision from whom it has been wrested, and in what proportion—is to begin some business or industry which will require employment for a number of people, joining his own industry with theirs, if desirable, and, after making suitable provision for assuring the conservation of the plant, and the inevitable charges against the enterprise, provide for the distribution or rather division of the products of their joint labors as the principle of partnership requires, labor performed being the only basis of division.

By pursuing this course the management might be

kept in the hands of the inaugurator until he was satisfied as to the practicability of sharing the control with his co-workers; but his legal control of it need not necessarily prevent his dealing honestly with them.

The great difficulty in realizing any true system of division lies largely in the habits and prejudices of the workers themselves. The elevation of others above them as employers, bosses, or foremen has accustomed them to look up with desire to positions which might give them power over others and the ability to reap gains from others' toil.

It seems to me most probable that the exact method of division will not first appear in a union of workingmen, or of a co-operative organization of labor and capital, but in the enterprise of some individual who will be able to carry it forward and choose his partners in the work and in the division. Such a one may or may not prove a "great captain of industry," but he will prove a leader and deliverer of humanity from the thraldom of its needless bondage. Surely the century which has seen a Girard, an Owen, a Peabody, a Smith, a Peter Cooper, and others who have devoted wealth and time to promote human welfare and reverse the conditions flowing from the iniquities of our civil and economic systems, ought not to pass away without producing one man of wealth who would be willing, in the interests of human industry, to apply his means in demonstrating a social and economic problem, the possibility of men dealing honestly with each other in production and division.

If I cherish less hope in respect to the immediate

realization of some labor co-operative movement of equal exactness and comprehensiveness, it is in the discouragement which must accompany the tedious accumulation of sufficient means by isolated labor to establish a movement of sufficient magnitude to attract attention. The habit of the wage worker of depending on the labor of the day for supplying the day's necessities, and of consuming in anticipation the fruits of his labor, is unfavorable to any prolonged self-denial and the patient waiting of those who would reap the whole result of their toil.

## CHAPTER XIX.

### CONCLUSION.

WITHOUT having exhausted, or even comprehensively stated, the problem of social industry and social wealth in all their bearings, I find myself at the termination of my effort disposed to review the field of labor and summarize the positions and deductions arrived at in the course of the investigation. And first, it has been shown that "the land is the common inheritance of mankind," and that this "common tenancy" is the form of ownership to which the land systems of all peoples, at least of the Aryan race, can be traced. That in detaching the several from the common right, opportunity was given for the assumption of individual or governmental control, as where the title was assumed to be in the head of the state, manor, or even village. That under barbaric war, and the subjection of the weak to the strong, usurpation, often from violence as well as from the hoary abuse in the management of public trusts, developed the power of one man, or of one class, over the common domain, to the disinheritance of others.

It likewise appears that ownership in severalty was a foregone conclusion as soon as progress through separate property in movables began. To the primitive Communist this was no doubt a subject

of deep regret and apprehension. But improvement in social life would have been impossible without it. What we are just beginning to see is that in taking this advanced step, and through the ignorance and inexperience of mankind at that epoch, the monstrous assumptions of dominion over the land and over the man took their rise and laid the foundation of those tyrannies and injustices, which only in the nineteenth century we have begun to apprehend and combat successfully.

We have seen that monopoly of the land has no potency or significance, except as the grand fulcrum upon which commercial monarchism rests its lever to move and rule the world, and that it is this only which now stands opposed to human rights and social progress. We have here no landlords, and no monopolies of any kind, but what are created and maintained in the name of commerce and of proprietary rights. This usurpation is potent for greater evil than ever was feudalism.\* It lacks any shadow of justification, and exists only through an ignorant regard of the people for the flimsiest forms and fic-

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\* "A proper feud was bestowed without price, without a fixed stipulation, upon a vassal capable of serving personally in the field."—**HALLAM.**

According to Hallam, also, the feudal system was originally "an alliance of free land holders, arranged in degrees of subordination, according to their mutual capacities of affording mutual support."

"It practically, though imperfectly, popularized the doctrine of the reciprocity of *rights and duties*—a doctrine alike essential to individual morality and political freedom. It took mankind, after Mammonism (under the now defunct Roman empire) had perverted most of them into brazen prostitutes and rightless vagabonds, and gave to everyone a fixed social position—a place that he could call his own, and where his

tions of class-imposed legalities. Otherwise there now appears no reason why separate ownership should interfere or encroach upon the common ownership of land—common in this still, that while one is allowed his allotment in severalty he cannot exclude another from equal opportunity and ownership.

Whether there is abundant, or only scanty, supply of land for all, has no bearing upon the question, because the same proportion of people to the land remains, even though the land were all owned by one man, or divided among all men in proportion to their ability to improve and occupy it. If there is enough for all, then none but the grossest animal proclivity could oppose the equal enjoyment of all without let or hindrance. If, however, according to the Malthusian theory, there is not at the table which nature spreads sufficient room for all, then let them take themselves away who have done nothing to furnish the feast, but who devise measures to hold reserved seats, while those who have toiled to place the viands upon the board are turned starving away. Nature and religion teach us that "he that will not work, neither shall he eat." And if man has no natural right to anything else in the battle of life, he has a right to fight for a place to do the battle.

It has been made plain, I think, that there is no great difficulty in inaugurating a system of land tenure, which, giving opportunity to each, would work wrong

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manhood could take root, and thus made it possible for them again to feel, instead of feigning, respect and love for one another."—J. H. HUNT.

"What is sometimes called the feudal feeling has much in common with the old feeling of brotherhood which forbade hard bargains."—HENRY SUMNER MAINE.

to none, but benefit to all. Such is the system nature indicates, and to which only blind prejudice, puerile love of control, and disposition to shirk duties, and to appropriate unearned gratifications, stand opposed. The laws by which land is held by one to the exclusion of others are incapable of justification on any moral or economical grounds. Without the enforcement of such laws by the public will, the natural order of ownership would take its course, as it invariably has where the fallacy that natural rights needed to be guarded by statute law did not prevail. It is substantially that natural impulse which controls the settlement of new territories, the working of mines, etc., where the laws are determined by common conscience and common consent, as in the early settlement of California, and as illustrated in the common law, grown up where statute law was silent in regard to the occupation of land under water, in our rivers and estuaries, where bivalves are planted and grown. Here the planter is protected in his plant, but under such limitations as not to effect the exclusion of others. This prevents monopoly of the spaces where oysters and clams may be grown, and so allows each man an opportunity to employ himself, or join himself to others in his labors. It prevents, also, a monopoly of the trade in bivalves, and the public are thus protected from combinations to obtain exorbitant prices, or to use natural opportunities to exclusive private aims. It is therefore the tenure of nature, not of the legislature, that we need. All we should ask of legislators is to undo the bungling and partial attempts to supplement nature.

So plain a subject should not need argument; and

yet, so infatuated are men with the idea of reforming things by legislation, and so superstitious are they in their respect for anything "enacted into law," that they give no thought to the study of nature's laws, and have no respect for her silent, yet constant, intimations.

Not daring to trust themselves in a discussion of the question of land ownership, our prominent economists adopt the convenient expedient of ignoring it, yet still assuming that our laws of tenure are but a rescript of nature or of the Divine Being, and that all proceedings thereunder must necessarily conform to the law of supply and demand, although well knowing that land traffic is a modern innovation. This seemed to make it necessary to inquire into the origin of wealth, and into the nature of the factors engaged in its production, also to inquire into the relation of the active agents in production to each other.

We have endeavored to show that land and labor are the only factors in production, and that men engaging in associative enterprises are co-partners. In doing this, we found it necessary to expose the fallacies so common in the thoughts of business and even working men, that goods, tools, animals, seeds, or commodities of any kind, or under any circumstances, are agents in production, or have any power in themselves to increase their economic values. Hence I had to consider the ratios of exchange, service, and utility. And from this it appears that land and labor can have no exchangeable ratio to their own products; that labor, divorced from, or disinherited, of the land, is only an abstraction without productive power, and

that land without the application of labor is unproductive of economic values. We have seen that the whole device of income without work is fraudulent and without the least justification in ethics or economics ; that it vitiates all exchanges with which it is connected, since what is produced by labor cannot be brought into any exchangeable relation whatever with that which it requires no labor to produce ; that all exchanges which involve pure profit, rent, and interest, to the extent that they involve them are no economic exchanges whatever, but the fraudulent or hazardous obtaining of something for nothing. And I do not flatter myself, I think, in supposing I have made these points tolerably plain.

What alone causes me anxiety is that the world, sunk in its worship of the power which large fortunes give, and in the unfraternal struggle which is begotten of the operation of the very injustices exposed, shall give little consideration to those showings, and little attention to the facts which must be as apparent to all as to me. But reflections of this kind have not deterred me from the work which seemed necessary to be done.

Many questions which appear urgent and of importance to the time, as the question of the currency, etc., I have barely noticed, not because they are of little account, or because their solution can safely be deferred, but because they have their special champions, and have already been treated at length, if not exhaustively. Even the evils of our land system I have not dwelt upon, as they have been set forth with much force by the early reformers, and as well by Mr. George and Mr. Wallace in a most impres-

sive manner. They are apparent enough everywhere, if people will think, and their deleterious influence surrounds every city, town, or hamlet of our land, and presses with fearful weight upon the child of toil. To sympathy and sentiment I have made no appeal, but to the cool judgment and clear sense of right which cannot be wholly wanting among mankind. I have sought to avoid denunciation of persons or of classes. Mankind are much the same in all relations and conditions, and if the position of the individual, master, and slave were reversed, it would not improve the real character of the institution. The wage worker of yesterday becomes the foreman, boss, or employer of to-day, and carries the same heavy hand upon those beneath his authority as he has experienced from those in authority over him. The victim of usury, or the tenant impoverished by rent, no sooner changes position than he becomes a usurer or rent-taker, and thinks the system a very good one which enables him to receive the wages for which another works; and thus a moral support is given to these customs and institutions which alone continues them in power.

What requires to be done, then, is not the invention of some patent scheme or sovereign remedy, but the diffusion of truth upon these fundamental principles among both rich and poor, the intellectual professor and the plodding toiler. Our system of education is deeply in fault. To be educated in respect to one's life pursuit is one's first need, since to provide for the wants of life is the primary duty of each. Under private control of nature in her fields, forests, and streams, and the unequal division result-

ing therefrom, the children of the poor are kept in drudgery or taught worse than useless lessons, wholly removed, as they mainly are, from any application to industrial life. For practically, by example, they are taught to despise and shirk honest labor, and to think that riches and enjoyment flow from a great variety of circumstances rather than from patient toil. The quick-witted child thus early becomes a very "prince of economists." To get something for nothing becomes a habit and a cultus, which, as he grows in years, he tries to reduce to an art. If by shrewd device or subtle pretense he can wholly escape work, and saddle the expense of life upon others, he learns that under the teachings of our "exact economy" and "reformed theology" he will be entitled to social distinction and respect, and to have his position defended by learned professor and titled dignitary, both secular and religious.

Thus, while the natural wants of men are few, and could readily be supplied by a moderate application of labor, the desire to obtain artificial gratifications is without end, and the sheerest caprice dominates the natural appetites where cost of production no longer serves as a check to inordinate desire; and so unremitting toil is thrown upon others. "Thus, by the treachery of one part of society in avoiding their share of the work, by their tyranny in increasing the burthen of the world, an evil is produced quite unknown in simpler states of life, and a man of but common capacities, not born to wealth, in order to secure a subsistence for himself and family, must work with his hands so large a part of his time that

nothing is left for intellectual, moral, æsthetic, and religious improvement."—THEODORE PARKER.

The first requisite of education is to teach the child practically, as well as theoretically, that the supply of human wants are supplied never otherwise than by human toil; that labor is to be honored and followed, as a means of enjoyment as well as duty, and that to endeavor to shirk our proper share of it is the most childish and mean thing one can possibly do, and is the one weakness we should seek to correct in ourselves, or discourage in others. For even if labor were a curse instead of the prime source of all intelligent enjoyment, how unmanly and uncultured is that desire which would seek to escape it and let it fall on those more feeble and already overburdened! No system of teaching, it seems to me, has ever been so well calculated to arrest the development of the child, in its stage of childish imbecility and selfishness, as the comfortable theory that everything is right in trade, and that "the law of the market" cancels all moral and humanitarian considerations. It is quite plain to me that popular education is doing little to remedy the wrongs under which mankind are suffering. Its text-books are emasculated of all manly thought upon the great question of work and its awards. No references to the "peculiar institution" in the days of chattel slavery were more studiously shunned, nor was its nature more systematically misrepresented, than is now practiced in our institutions of learning, our pulpits, and public press, upon this question of labor and man's right to the land and to the products begotten of his toil. Exactness and honesty, without which advancement

in any science is impossible, are the main needs in the requisite social education. Lacking these, there is little hope of attaining personal security or social development.

Of the criticisms of the paid or truckling advocate I have no fear or care. Even the toilers whose just claims only I have endeavored to present are perchance as likely to censure as to praise, and to the self-seeker there will be found little in these pages to interest or entertain. Entering on my seventieth year, I have no ambition for place or public recognition. Neither expectation of gain or popular applause has stimulated me to this work, but simply a desire to arrive at truth upon a subject of the highest importance to human well-being which can engage the scientific mind. That I have been unable "to complete the science of economics" should not be a matter of surprise, since no true science is ever completed. Precisely the nature and extent of my contribution will only be generally seen when that science shall have become other than the empirical thing it now is, and be pursued for nobler aims than the buttressing of class prerogatives, or the forming of a base for partisan supremacy or the application of doubtful remedies. Let the truth be sought. It only can make free, and liberty is the very life of human progress.

## APPENDIX.

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### SUMMARY OF DÉFINITIONS.

To enable the ordinary reader to draw ready comparisons between the latest school of economists and the Isonomic conclusions arrived at in *SOCIAL WEALTH*, I give a summary of each. The first, by Mr. Macleod, from his "Elements of Economics," pp. 220, 221, 222; the second, as they are shown in our present investigation.

**ECONOMICS**, or the Science of Wealth, is the science which treats of the laws which govern the relations of Exchangeable Quantities.

**WEALTH** is anything whatever whose value can be measured in Money; consists exclusively of Exchangeable Rights.

**PROPERTY** is not a thing, but a Right—is equivalent to Absolute Ownership.

**JURISPRUDENCE** is the Science of Rights.

**ECONOMICS** is the science of the Exchange of Rights.

**ECONOMIC Quantities** are :

1. Rights to Material Things;
2. Rights to Labor or Service;
3. Rights to things *to be* acquired at a future time—incorporeal property.

**VALUE**.—Any other economic quantity for which a thing will exchange.

**MONEY** is anything whatever which a debtor can compel a creditor to take in discharge of a debt; also called *Legal Tender*.

CREDIT is a right of action against a person to pay or do something.

DEBT is used indiscriminately to mean the right to compel payment, and also the *Duty* to pay or do a thing.

BARTER is the direct exchange of one commodity for another.

SALE, or Circulation, is where commodities are exchanged for Money or Credit.

To PRODUCE is to offer any Economic quantity for sale or Exchange.

THE PRODUCER is the seller.

PRODUCTION is the offering any Economic Quantity for sale or Exchange.

To CONSUME is to purchase any Economic Quantity.

THE CONSUMER is the buyer.

CONSUMPTION is the Purchase of any Economic Quantity.

SUPPLY is the Quantity of anything offered for sale.

DEMAND means the Desire and the Power to purchase anything, and so may be used to mean the Quantity of anything which is given in exchange for anything else.

COST OF PRODUCTION is the cost of placing anything in the place where offered for sale.

PROFIT is the difference between the cost of Production of anything and its value, or the Quantity of anything it can purchase.

GAIN.—Excess of Value over cost of Production.

LOSS is the value less than cost of Production.

RATE OF PROFIT is the Amount of profit made in some given time.

PRODUCTIVE LABOR leaves a profit after cost of Production.

UNPRODUCTIVE LABOR leaves no profit after defraying Cost of Production.

CAPITAL is any Economic Quantity used for the purpose of Profit.

*Fixed Capital* remains in the possession of the Capitalist, and from which he derives a Revenue by its use.

*Floating, or Circulating Capital*, is that which he parts with, and whose value is restored to him in the price of the Product.

**RENT** means Revenue, or an Annuity.

**HIRE** means the sum paid for a thing on a single occasion.

**PAYMENT**.—Whatever is received in exchange for anything else.

**DISCHARGE** is equivalent to payment.

**SATISFACTION** is anything which is received as final Discharge and closing of any transaction.

#### ISONOMIC DEFINITIONS.

**CAPITAL**.—The chief source of Increase. It is divided into *natural* and *artificial*.

*Natural Capital*.—The land and the labor. There is in Nature no other source of increase.

*Artificial, or Institutional Capital*.—Certain private rights created by custom, statute law, or by the arbitrary will of some conqueror or ruler, which enable one to force an Exchange or command labor without equitable return, through usurped dominion of the land, ownership of the person, or other civil device.

**CAPITALISM**.—That system of social or industrial institutions by which an *exploiteur* is enabled to appropriate to himself the increase resulting from industry, which belongs, and which would otherwise go, to the laborer, or be returned to the land. An abnormal relation of labor to commerce, which subjects labor to the control of an owner of the land, or of any property or goods for which the land will exchange.

**CAPITALIST**.—One who becomes clothed with legal rights over the land, or over the man, which authorize him to take from the laborer or from the land

the fruits of industry, to the production of which he has not contributed.

**COMPETITION.**—“A seeking together.” It is *free* or *compulsory*, mutual or antagonistic. It may be said to be free when natural opportunities are enjoyed, and mutual when abundance of the thing sought is attainable. It then relates only to the *degree* of success of each.

**CONSERVATION OF WEALTH.**—The act by which commodities or goods have their exchangeable values retained through change of form or other means; converting them into money or parting with them on credit is a common means.

**CO-OPERATION.**—Operating together as co-partners, who stand in equitable relation to each other. It is contrasted with contest, as of two hostile armies; but *allied* armies *co-operate* with each other; also with competition in its forced or destructive sense. It is not inconsistent with emulation or free competition in exchange. One who applies his labor to a specific industry, whether combined with others or otherwise, and offers his product in *honest exchange*, is a co-operator in the best sense, industrially and economically.

**CREDIT OR DEBT.**—An incomPLETED exchange, in which one party has relinquished, and the other party has obtained, possession of any goods, while the ownership of the goods or things for which they are, or are to be, exchanged, remains in the hands of second party. As an act of conservation, which it usually is, and in which alone it can have any recognition in exact economics, there is in equity service done the creditor, not the debtor.

**DEMAND AND SUPPLY.**—A phrase to indicate a short or excessive production or use of a thing of commerce at any given time and place. Its operation under freedom is to render stable the “ratio of exchange.”

**ECONOMY.**—The science which treats of the production and uses of goods. It has three divisions:

*Personal Economy* treats of the prudent use of one's force in procuring goods, and the frugal use or consumption of the same.

*Social Economy* treats of the productive agencies of a society or community, and of the division and exchange of products.

*Political Economy* treats of the relation of the government or state to industry and commerce, and of the methods of raising and expending its revenues.

**INCREASE, natural.**—The productions of land and labor in excess of consumption in a completed period.

\_\_\_\_\_, capitalistic.—Accumulations of wealth from arbitrary control of land or of labor, without equitable compensation or return.

**INCREMENT, unearned.**—Additions of price to real and other estate, for which no service has been rendered; but it is not therefore to be understood that this increase is not taxed back upon labor—one of the main abutments of the capitalistic theory of production and exchange.

**INTEREST.**—A fraudulent claim of one party to an exchange, by which a charge is made for the "flight of time" between the inception and the completion of an exchange; or it is a charge for having a value conserved, and for which service compensation is due, not to the creditor, but to the debtor.

**MONEY.**—A commodity, or the representative of a commodity, accepted by or forced upon the "common consent," as an invariable ratio and exchange tally.

**PROFIT.**—A false entry in the business ledger, in which a dealer charges twice for the same thing. Firstly, for the service he has rendered; and, secondly, for a profit on the goods he has sold his customer. The charge which compensates all the service rendered is not profit, nor is such increase of price as may be required to average risks, and guard against losses unavoidable to the business.

**RATIO OF UTILITY.**—The relative proportion of services or goods to effect useful ends in the sustenance of human life, and in the promotion of human enjoyment. It is constant or invariable.

**RATIO OF SERVICE.**—The relative proportion in which different services, as measured by their continuance in time, procure or produce useful things, or effect useful ends.

**RATIO OF EXCHANGE.**—The relative proportion in which one service or commodity will exchange for another service or commodity at a given time and place. It is an *ever-varying ratio*, whose *mean* is the Ratio of Service.

**RENT.**—“An immoral tax ;” a tribute for privilege to be, to labor, or to exercise the right and duty of Use. It is similar to profit and interest, and constitutes the basis on which they both depend.

**USURY.**—The same as interest. The law which attempts to distinguish between them has no ethical, economic, or logical basis ; one, or one hundred per cent. being the same in nature, and only differing in degree.

**VALUE.**—An *estimated* ratio which one thing or service bears to another thing or service. In relation to Money, it is Price.

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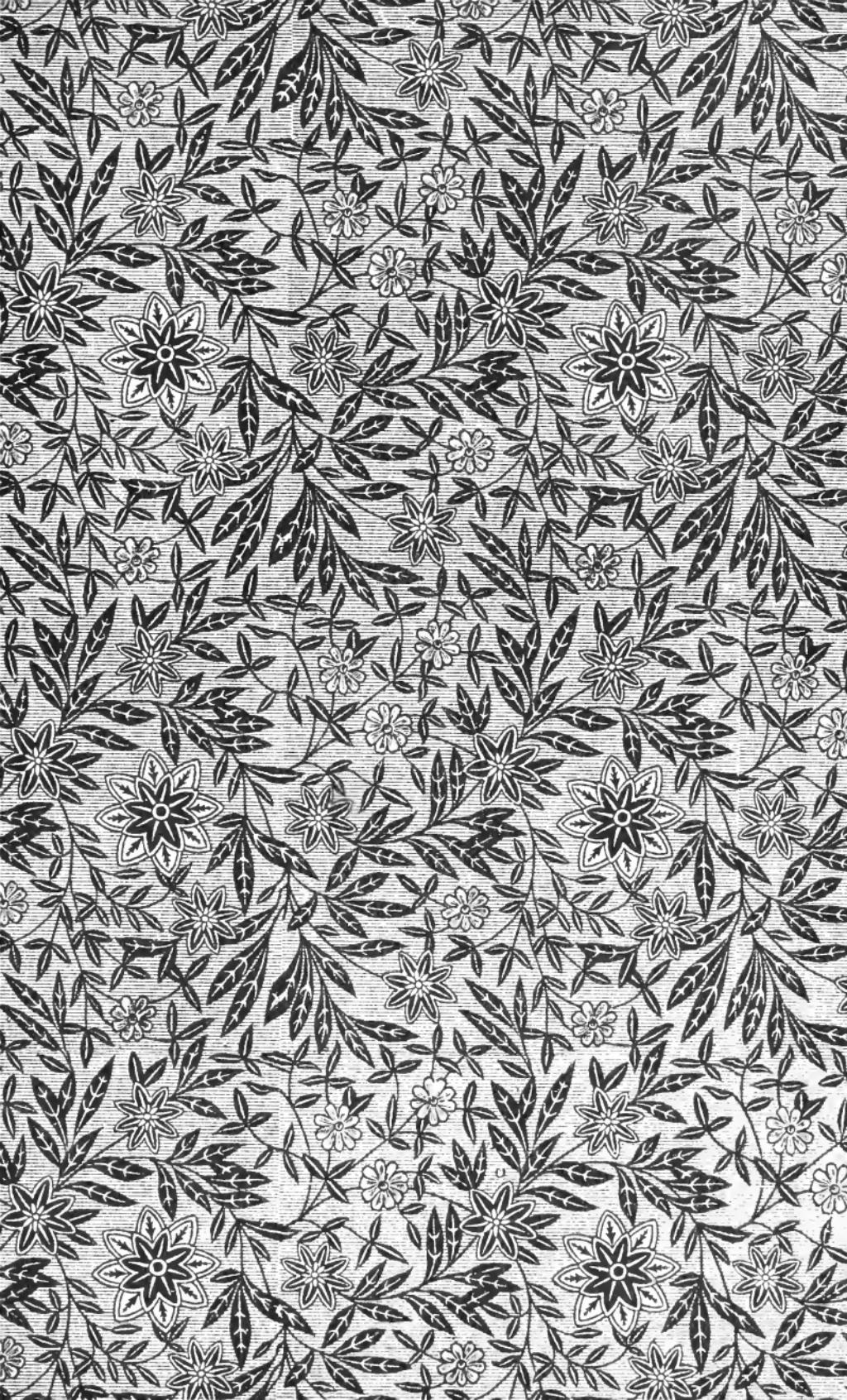


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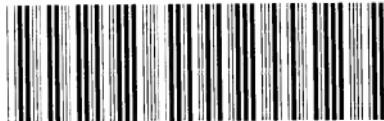
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